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THE WEEKLY COMMERCIAL'
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THIRD EDITION.

6 O'CLOCK, A. M.

PRESIDENT'S MESSAGE

A SENSIBLE AND VIGOROUS DOCUMENT.

Immediate Resumption of Specie Payments and General Revision of Tariff and Internal Revenue Taxation Not Recommended—No Recognition of Cuba's Belligerency—The Alabama Claims—Our Foreign Relations.

Reports of the Secretary of the Treasury and Secretary of the Interior.

WASHINGTON, D. C., December 6, 1869.

To the Senate and House of Representatives:

WHAT WE ARE TO BE THANKFUL FOR.

In coming before you for the first time as Chief Magistrate of this great nation, it is with gratitude to the Giver of all Good for the many benefits we enjoy. We are blessed with peace at home and are without entangling alliances abroad to forebode trouble; with a territory unsurpassed in fertility, and with an area equal to the abundant support of fifty millions of people, and abounding in every variety of useful mineral, in quantity sufficient to supply the world for generations; with abundant crops; with a variety of climate adapted to the production of every species of earth's riches, and suited to the habits, tastes, and requirements of every living thing; with a population of forty millions of free people, all speaking one language; with facilities for every mortal to acquire an education; with institutions closing to none the avenues to fame or any blessing or fortune that may be coveted; with freedom of the pulpit, the press and the school; with a revenue flowing into the national treasury beyond the requirements of the government. Harmony is being rapidly restored within our own borders, manufactures hitherto unknown in our country are springing up in all directions, producing a degree of national independence unequalled by that of any other power. These blessings, and countless others, are entrusted to your care and mine for safe keeping for the brief period of our tenure of office. In a short time we must each of us return to the ranks of the people who have conferred upon us our honors, and account to them for our stewardships. I earnestly desire that neither you nor I may be condemned by a free and enlightened constituency, nor by our own consciences.

RECONSTRUCTION.

Emerging from a rebellion of gigantic magnitude, aided as it was by the sympathy and assistance of nations with which we were at peace, eleven States of the Union were four years ago left without legal State Governments. A debt had been contracted; American commerce was almost driven from the seas; the industry of one-half of the country had been broken from the control of the capitalist and placed where all labor rightfully belongs, in the keeping of the laborer. The work of restoring State Governments loyal to the Union, of protecting and fostering free labor, and providing means for paying the interest on the public debt, has received ample attention from Congress. Although your efforts have not met with the success in all particulars that might have been desired yet on the whole they have been more successful than could have been reasonably anticipated. Seven States which passed ordinances of secession have been fully restored to their places in the Union. The eighth (Georgia) held an election at which she ratified a Constitution Republican in form, elected a Governor, members of Congress, a State Legislature and all other officers required. The governor was duly installed, and the legislature met and performed all the acts required of them by the reconstruction acts of Congress. Subsequently, however, in violation of the constitution which they had just ratified, as since decided by the Supreme Court of the State, they unseated the colored members of the legislature and admitted to seats some members who are disqualified by the third clause of the fourteenth amendment to the constitution, an article which they themselves had contributed to ratify. Under the circumstances, I would submit to you whether it would not be wise, without delay, to enact a law authorizing the Governor of Georgia to convene the members originally elected to the legislature, requiring each member to take the oath presented by the reconstruction act, and none to be admitted who are ineligible under the third clause of the fourteenth amendment.

The freedmen, under the protection which they have received, are making rapid progress in learning, and no complaints are heard of lack of industry on their part, when they receive fair remuneration for their labor.

THE DEBT AND COMMERCE.

The means provided for paying the interest on the public debt, with all other expenses of Government, are more than ample. The loss of our commerce is the only result of the late rebellion which has not received sufficient attention from you. To this subject I call your earnest attention. I will not now suggest plans by which this object may be effected, but will, if necessary, make it the subject of a special message during the session of Congress.

THE UNRECONSTRUCTED STATES.

The March term of Congress, by joint resolution, authorized the Executive to order an election in the States of Virginia, Mississippi and Texas; to submit to them the constitutions which each had previously in convention framed, and submit the constitution, either entire or in separate parts, to be voted upon at the discretion of the Executive. Under this authority elections were called. In Virginia the election took place on the sixth of July, 1869. The Governor and Lieutenant Governor elected have been installed; the Legislature met and did all required by this resolution, and by all the reconstruction acts of Congress, and abstained from all doubtful authority. I recommend that her Senators and Representatives, and that the State be fully restored to its place in the family of States. Elections were called in Mississippi and Texas, to commence on the thirtieth of November, 1869, and to last two days in Mississippi and four days in Texas. The elections have taken place, but the result is not known. It is to be hoped that the acts of the Legislatures of these States, when they meet, will be such as to receive your approval, and thus close the work of reconstruction.

THE CURRENCY QUESTION.

Among the evils growing out of the rebellion, and not yet referred to, is that of an irredeemable currency. It is an evil which I hope will receive your most earnest attention. It is a duty and one of the highest duties of government to secure to the citizen a medium of exchange of fixed unvarying value. This implies a return to a specie basis, and no substitute for it can be devised. It should be commenced now and reached at the earliest practicable moment consistent with a fair regard to the interest of the debtor class. Immediate resumption, if practicable, would not be desirable. It would compel the debtor class to pay beyond their contracts the premium in gold at the date of their purchase, and would bring bankruptcy and ruin to thousands. Fluctuations, however, in the paper value of the measure of all values—gold—is detrimental to the interests of trade. It makes the man of business an involuntary gambler, for in all sales when future payment is to be made both parties speculate as to what will be the value of the currency to be paid and received. I earnestly recommend to you, then, such legislation as will insure a gradual return to specie payments, and put an immediate stop to fluctuations in the value of currency. The methods to secure these results are as numerous as the speculations on political economy. To secure the latter I see but one way, and that is, to authorize the Treasury to redeem its own paper at a fixed price whenever presented, and to withhold from circulation all such currency redeemed until sold again for gold. The vast resources of the nation, both developed and undeveloped, ought to make our credit the best on earth. With a less burden of taxation than the citizen has endured for six years past, the entire public debt could be paid in ten years. But it is not desirable that the people should be taxed to pay it in that time. Year by year the ability to pay increases in a rapid ratio, but the burden of interest ought to be reduced as rapidly as can be done without the violation of contract. The public debt is represented in great part by bonds having from five to twenty and from ten to forty years to run, bearing interest at the rate of six per cent. and five per cent. respectively. It is optional with the Government to pay their bonds at any period after the expiration of the last time mentioned upon their face. The time has already expired when a great part of them may be taken up. The time is rapidly approaching when all may be. It is believed that all which are now due may be replaced by bonds bearing a rate of interest not exceeding four and a half per cent., and as rapidly as the remainder becomes due that they may be replaced in the same way. To accomplish this it may be necessary to authorize the interest to be paid at either of three or four money centres of Europe, or by any Assistant Treasurer of the United States, at the option of the holders of the bonds. I suggest this subject for the consideration of Congress. Also, simultaneously with this, the propriety of redeeming our currency, as before suggested, at its market value at the time the law goes into effect, increasing the rate at which currency will be bought and sold from day to day or week to week, at the same rate of interest as the government pays upon its bonds.

THE TARIFF AND INTERNAL TAXATION.

The subject of the tariff and internal taxation will necessarily receive your attention. The revenues of the country are greater than the requirements, and may with safety be reduced; but as the funding of the debt in a four or a four and a half per cent. would reduce the annual current expenses largely, thus after funding justifying a greater reduction of taxation than would be now expedient, I suggest a postponement of this question until the next meeting of Congress. It may be advisable to modify taxation and tariff in instances where unjust or burdensome discriminations are made by the present laws; but a general revision of the laws regulating this subject, I recommend the postponement of for the present. I suggest the renewal of the tax on incomes, but at a reduced rate, say of three per cent., and this tax to expire in three years. With the funding of the national debt as here suggested I feel safe in saying the taxes and revenue from imports may be reduced safely from sixty to eighty millions per annum at once, and still reduced from year to year as the resources of the country are developed.

FINANCIAL CONDITION OF THE COUNTRY.

The report of the Secretary of the Treasury shows the receipts of Government for the fiscal year ending June 30, 1869, to be $370,943,747, and the expenditures, including interest, bounties, &c., to be $321,490,597. The estimates for the ensuing year are more favorable to the Government, and will no doubt show a large decrease of the public debt. The receipts in the Treasury beyond expenditures have exceeded the amount necessary to place to the credit of the sinking fund, as provided by law. To lock up the surplus in the Treasury and withhold it from circulation, would lead to such contraction of the currency as to cripple trade and seriously affect the prosperity of the country. Under these circumstances the Secretary of the Treasury and myself heartily concurred in the propriety of using all the surplus currency in the Treasury in the purchase of Government bonds, thus reducing the interest bearing debt of the country, and of submitting to Congress the question of the disposition to be made of the bonds so purchased. The bonds now held by the Treasury amount to about $75,000,000, including those belonging to the sinking fund. I recommend that the whole be placed to the credit of the sinking fund.

Your attention is respectfully invited to the recommendations of the Secretary of the Treasury for the creation of the office of Commissioner of Customs Revenue; for an increase of salary to certain classes of officials, and the substitution of increased national bond circulation to replace the outstanding 3 per cent. certificates, and most especially to his recommendation for the repeal of the laws allowing shares of fines, penalties, forfeitures, &c., to officers of the Government or to informers.

COMMISSIONER OF INTERNAL REVENUE.

The office of Commissioner of Internal Revenue is one of the most arduous and responsible under the Government. It falls but little if any short of a Cabinet position in its importance and responsibilities. I would ask for it, therefore, such legislation as in your judgment will place the office on a footing of dignity commensurate with its importance, and with a character and qualifications of the class of men required to fill it properly.

CUBA.

As the United States is the first of all nations, so, too, its people sympathize with all peoples struggling for liberty and self government. But while so sympathizing, it is due to our honor that we should abstain from enforcing our views upon unwilling nations, and from taking an interested part without invitation in the quarrels between different nations, or between governments and their subjects. Our course should always be in conformity with strict justice and law, international and local. Such has been the policy of the administration in dealing with these questions for more than a year. A valuable province of Spain, and a near neighbor of ours, in whom all our people cannot but feel a deep interest, has been struggling for independence and freedom. The people and government of the United States entertain the same warm feelings and sympathies for the people of Cuba in their pending struggle that they manifested throughout the previous struggles between Spain and her former colonies in behalf of the latter, but the contest has at no time assumed the conditions which amount to a war in the sense of international law, or which would show the existence of a *de facto* political organization of the insurgents sufficient to justify a recognition of belligerency. The principle is maintained, however, that this nation is its own judge when to accord the rights of belligerency, either to a people struggling to free themselves from a Government they believe to be oppressive, or to independent nations at war with each other. The United States have no disposition to interfere with the existing relations of Spain to her colonial possessions on this continent. They believe that in due time Spain and other European powers will find their interest in terminating those relations, and establishing their present dependencies as independent powers—members of the family of nations. These dependencies are no longer regarded as subject to transfer from one European power to another. When the present relations of colonies cease, they are to become independent powers, exercising the right of choice and of self-control in the determination of their future condition and relations with other powers. The United States, in order to put a stop to bloodshed in Cuba, and in the interest of a neighboring people, proposed their good offices to bring the existing contest to a termination. The offer not being accepted by Spain on a basis which we believed could be received by Cuba, was withdrawn. It is hoped that the good offices of the United States may yet prove advantageous for the settlement of this unhappy strife. Meanwhile, a number of illegal expeditions against Cuba have been broken up. It has been the endeavor of the administration to execute the neutrality laws in good faith, no matter how unpleasant the task, made so by the sufferings we have endured from lack of good faith towards us by other nations. The United States schooner Lizzie Major was arrested on the high seas by a Spanish frigate and two passengers taken from it, and carried as prisoners to Cuba. Representations of these facts were made to the Spanish government as soon as official information of them reached Washington. The two passengers were set at liberty, and the Spanish government assured the United States that the captain of the frigate, in making the capture, had acted without law, that he had been reprimanded for the irregularity of his conduct, and that the Spanish authorities in Cuba would not sanction any act that could violate the rights, or treat with disrespect the sovereignty of the nation. The question of the seizure of the brig Mary Lowell, at one of the Bahama Islands, by Spanish authorities, is now the subject of correspondence between this government and those of Spain and Great Britain. The Captain General of Cuba, about May last, issued a proclamation authorizing search to be made of vessels on the high seas. Immediate remonstrance was made against this, whereupon the Captain General issued a new proclamation, limiting the right of search of vessels of the United States so far as authorized under the treaty of 1795. This proclamation, however, was immediately withdrawn.

OUR FOREIGN RELATIONS.

I have always felt that the most intimate relations should be cultivated between the Republic of the United States and all independent nations on this continent. It may be well worth considering whether new treaties between us and them may not be profitably entered into to secure intimate relations, friendly, commercial and otherwise.

The subject of an inter-oceanic canal to connect the Atlantic and Pacific oceans, through the Isthmus of Darien, is one in which commerce is greatly interested. Instructions have been given to our minister to the Republic of the United States of Colombia to endeavor to obtain authority for a survey by this Government, in order to determine the practicability of such an undertaking, and a charter for the right of way to build by private enterprise such a work if the survey proves it to be practicable.

In order to comply with the agreement of the United States as to a mixed commission at Lima, for the adjustment of claims, it became necessary to send a Commissioner to Lima in August last. No appropriation having been made by Congress for this purpose, it is now asked that one be made covering the past and future expenses of the commission.

The good offices of the United States to bring about a peace between Spain and the South American republics, with which she is at war, having been accepted by Spain, Peru and Chili, a Congress has been invited to be held in Washington during the present winter.

A grant has been given to Europeans of an exclusive right of transit over the territory of Nicaragua, to which Costa Rica has given its assent, which, it is alleged, conflicts with vested rights of citizens of the United States. The Secretary of State has now the subject under consideration.

The Minister of Peru having made representations that there was a state of war between Peru and Spain, and that Spain was constructing in and near New York thirty gunboats, which might be used by Spain in such a way as to relieve the naval force at Cuba, so as to operate against Peru, orders were given to prevent their departure. No further steps having been taken by the representative of the Peruvian Government to prevent the departure of these vessels, and I not feeling authorized to detain the property of a nation with which we are at peace on a mere executive order, the matter has been referred to the courts to decide.

The conduct of the war between the allies and Republic of Paraguay has made the intercourse with that country so difficult that it has been deemed advisable to withdraw our representative from the country.

THE UNITED STATES AND GREAT BRITAIN.

Towards the close of the last administration a convention was signed at London for the settlement of all outstanding claims between Great Britain and the United States which failed to receive the advice and consent of the Senate to its ratification. The time and the circumstances attending the negotiation of the treaty were unfavorable to its acceptance by the people of the United States, and its provisions were wholly inadequate for the settlement of the grave wrongs that had been sustained by this Government, as well as by its citizens. The injuries resulting to the United States by reason of the course adopted by Great Britain during our late civil war, in increased rates of insurance; in the diminution of exports and imports, and other obstructions to domestic industry and production; in its effect upon the foreign commerce of the country; in the decrease and transfer to Great Britain of our commercial marine; in the prolongation of the war and increased cost both in treasure and in lives in its suppression, could not be adjusted and satisfied, as ordinary commercial claims which continually arise between commercial nations, and yet the convention treated them simply as such ordinary claims, from which they differ more widely in the gravity of their character than in the magnitude of their amount. Great even as is that difference, not a word was found in the treaty and not an inference could be drawn from it, to remove the sense of unfriendliness of the course of Great Britain in our struggle for existence, which had so deeply and universally impressed itself upon the people of this country. Believing that a convention thus misconceived in its scope and inadequate in its provisions, would not have produced the hearty cordial settlement of pending questions, which alone is consistent with the relations which I desire to have established between the United States and Great Britain, I regarded the action of the Senate in the rejection of the treaty to have been wisely taken in the interest of peace, and as a necessary step in the direction of a perfect and cordial friendship between the two countries. A sensitive people, conscious of their power, are more at ease under a great wrong wholly unatoned, than under the restraint of a settlement which satisfies neither their ideas of justice nor their grave sense of the grievances they have sustained. The rejection of the treaty was followed by a state of public feeling on both sides, which I thought not favorable to an attempt at renewed negotiations. I accordingly so instructed the Minister of the United States to Great Britain, and found that my views in this regard were shared by Her Majesty's ministers. I hope that the time may soon arrive when the two countries can approach the solution of this momentous question with an assurance of what is due to the rights, dignity and honor of each, and with the determination not only to remove the causes of complaint in the past, but to lay the foundation of a broad principle of public law which will prevent future differences, and tend to firm and continued peace and friendship. This is now the only grave question which the United States have with any foreign nation.

RECIPROCITY.

The question of the treaty for reciprocity between the United States and the British Provinces on this continent has not been favorably considered by the administration. The advantage of such a treaty would be wholly in favor of the British producer, except possibly a few engaged in the trade between the two sections. No citizen of the United States would be benefitted by reciprocity. Our internal taxation would prove a protection to the British producer almost equal to the protection which our manufactures now receive from the tariff. Some arrangement, however, for the regulation of commercial intercourse between the United States and the Dominion of Canada may be desirable.

The Commission for adjusting the claims of the Hudson Bay and Puget's Sound Agricultural Company upon the United States has terminated its labors. The award of six hundred and fifty thousand dollars has been made, and all titles of the Company in the territory of the United States have been extinguished. Deeds for the property of the Company have been received. An appropriation by Congress to meet this sum is asked.

THE NORTHWESTERN LAND BOUNDARY.

The Commissioners for determining the northwestern land boundary between the United States and the British possessions under the treaty of 1856 have completed their labors, and the commission has been dissolved.

In conformity with the recommendation of Congress a proposition was early made to the British Government to abolish the mixed courts created under the treaty of April 7, 1862, for the suppression of the slave trade, and the subject is still under negotiation.

It having come to my knowledge that a corporate company, organized under British laws, proposed to land upon the shores of the United States, and to operate there a submarine cable under a concession from His Majesty, the Emperor of the French, of an exclusive right for twenty years of telegraphic communication between the shores of France and the United States, with the very objectionable feature of subjecting all messages conveyed thereby to the sovereignty and the control of the French Government, I caused the French and British Legations at Washington to be made acquainted with the probable policy of Congress on the subject, as foreshadowed by the bill which passed the Senate in March last. This drew from the representatives of the company an agreement to accept as the basis of their operations the provisions of the bill, or of such other enactment on the subject as might be passed during the approaching session of Congress; also, to use their influence to secure from the French Government a modification of their concession, so as to permit the landing upon French soil of any cable belonging to any company incorporated by the authority of the United States, or of any State in the Union, and on their part not to oppose the establishment of any such cable. In consideration of this agreement, I directed the withdrawal of all opposition by the United States authorities to the landing of the cable, and to the working of it, until the meeting of Congress. I regret to say that there has been no modification made in the company's concession, nor so far as I can learn have they attempted to secure one. Their concession excludes the capital and the citizens of the United States from competition upon the shores of France. I recommend legislation to protect the rights of citizens of the United States, as well as the dignity and sovereignty of the nation against such an assumption. I shall also endeavor to secure by negotiation an abandonment of the principle of monopolies in ocean telegraph cables. Copies of this correspondence are herewith furnished.

FRAUDS OF FOREIGNERS.

The unsettled political condition of other countries less fortunate than our own sometimes induces their citizens to come to the United States for the sole purpose of becoming naturalized. Having acquired citizenship they return to their native country and reside there without disclosing their change of allegiance. They accept official positions of trust or honor which can only be held by citizens of their native land. They journey under passports describing them as such citizens, and it is only when civil discord, after perhaps years of quiet, threatens them or threatens their persons or their property, or when their native State drafts them into its military service, that the fact of their change of allegiance is made known. They reside permanently from the United States, they contribute nothing to its revenues, they avoid the duties of its citizenship, and they only make themselves known by a claim for protection. I have directed diplomatic and consular officers of the United States to scrutinize carefully all such claims of protection. The citizens of the United States, whether native or adopted, who discharges his duty to his country, is entitled to its complete protection. While I have a voice in the direction of affairs I shall not consent to impair that sacred right by conferring it upon fictitious or fraudulent claimants.

PROTECTION OF EMIGRANTS.

On the accession of the present administration it was found that the Minister for North Germany had many propositions for negotiation of a convention for the protection of emigrant passengers, to which no response had been given. It was concluded that to be effectual all the maritime powers engaged in the trade should join in such a measure. Invitations have been extended to the Cabinets of London, Paris, Florence, Berlin, Brussels, The Hague, Copenhagen and Stockholm to empower their representatives at Washington to simultaneously enter into negotiation, and to conclude with the United States conventions identical in form, making uniform regulations as to the construction of the parts of vessels to be devoted to the use of emigrant passengers, as to the quality and quantity of food, as to the medical treatment of the sick, as to the rules to be observed during the voyage, in order to secure ventilation, to promote health, to prevent intrusion, and to protect the females, and providing for the establishment of tribunals in the several countries for enforcing such regulations by summary process.

Your attention is respectfully called to the law regulating the tariff on Prussian hemp, and to the question whether to fix the charges on Russian hemp higher than they are fixed upon manilla is not a violation of our treaty with Russia, placing her products upon the same footing with those of the most favored nations.

HOME MANUFACTURES.

Our manufactures are increasing with wonderful rapidity. Under the encouragement which they now receive with the improvements in machinery already effected, and still increasing, machinery to take the place of skilled labor to a large extent, our imports of many articles must fall off largely within a very few years. Fortunately, too, many manufactures are not confined to a few localities as formerly, and it is to be hoped they will become more and more diffused, making the interest in them equal in all sections. They give employment and support to hundreds of thousands of people at home, and retain with us the means which otherwise would be shipped abroad. The extension of railroads in Europe and the east is bringing into competition with our agricultural products like products of other countries. Self interest, if not self preservation, therefore, dictates caution against disturbing any industrial interest of the country. It teaches us, also, the necessity of looking to other markets for the sale of our supplies.

OUR RELATIONS WITH CHINA, &C.

Our neighbors south of the United States and China and Japan should receive our special attention. It will be the endeavor of the administration to cultivate such relations with all these nations as to entitle us to their confidence, and make it their interest, as well as ours, to establish better commercial relations. Through the agency of a more enlightened policy than that heretofore pursued towards China, largely due to the sagacity and efforts of one of our own distinguished citizens, the world is about to commence largely increased relations with that populous and hitherto exclusive nation. As the United States have taken the initiatory in the new path, so they should be the most earnest in showing their good faith in making it a success. In this connection I advise such legislation as will forever preclude the enslavement of the Chinese upon our soil under the name of coolies, and also prevent American vessels from engaging in the transportation of coolies to any country tolerating the system. I also recommend that the mission to China be raised to one of the first class.

THREE ESSENTIALS.

On my assuming the responsibility of Chief Magistrate of the United States it was with the conviction that three things were essential to its peace, prosperity and fullest development. First amongst these is strict integrity in fulfilling our obligations. Second, to secure protection to the person and property of the citizen of our common country wherever he may chose to move, without reference to original nationality, religion color, or policies, demanding of him only obedience to the claims and proper respect for the rights of others. Third, union of all of the States, with equal rights, indestructible by any unconstitutional means. To secure the first of these Congress has taken two essential steps. First, in declaring by joint resolution that the public debt should be paid, principal and interest, in coin; second by providing the means for paying it. To secure the object desired, with a proper administration of the laws for collection of the revenues, and economical disbursement of them to this object, the administration has most earnestly addressed itself with good results, and I believe satisfactory to the country. There has been no hesitation in changing officials in order to secure efficient execution of the laws, and sometimes, too, where, in a mere party view, undesirable political results were likely to follow for any hesitation in sustaining efficient officials against remonstrances wholly political. It may be well to mention here the embarrassment possible to arise from leaving on the statute books the so-called tenure-of-office act, and to earnestly recommend its total repeal. It could not have been the intention of the framers of the Constitution when providing that appointments made by the President should receive the consent of the Senate, that the latter should have the power to retain in office persons placed there by Federal appointments against the will of the President. The law is inconsistent with a faithful and efficient administration of the government. What faith can the Executive put in officials forced upon him, and these, too, whom he has suspended for reason? How will such officials be likely to serve an administration which they know does not trust them? For the second requisite to growth and prosperity, time and a firm but humane administration of existing laws, amended from time to time as they may prove ineffective, or prove harsh and unnecessary, are probably all that are required. The third cannot be attained by special legislation, but must be regarded as fixed by the Constitution itself, and gradually acquiesced in by force of public opinion.

THE NEW INDIAN POLICY.

From the foundation of the Government to the present, the management of the original inhabitants of this continent, the Indians, have been a subject of embarrassment and expense, and has been attended with continuous robberies, murders and wars. From my own experience upon the frontiers and Indian countries, I do not hold either legislation or the conduct of the whites who come most in contact with Indians blameless for these hostilities. The past, however, cannot be undone, and the question must be met as we now find it. I have attempted a new policy towards these wards of the nation—they cannot be regarded in any other light than as wards—with fair results, so far as tried, and which I hope will be attended ultimately with great success. The Society of Friends is well known as having succeeded in living in peace with the Indians in the early settlement of Pennsylvania, while their white neighbors of other sections were constantly imbroiled. They are also known for their opposition to all strife, violence and war, and are generally noted for their strict integrity and fair dealing. These considerations induced me to give the management of a few reservations of Indians to them, and to throw the burden of selection of agents upon the Society itself. The result has proved most satisfactory. It will be found more fully set forth in the report of the Commissioner of Indian Affairs. For Superintendents and Indian agents, not on reservations, officers of the army were selected. The reasons for this are numerous. When Indian agents are sent there, or near there, troops must be sent also. The agent and the commander of the troops are independent of each other, and are subject to orders from different departments of the Government. The army officer holds a position for life; the agent one at the will of the President. The former is personally interested in living in harmony with the Indians, and in the establishment of a permanent peace, to the end that some portion of his life may be spent within the limits of civilization. The latter has no such personal interest. Another reason is an economic one, and still another, the hold which the Government has upon a life officer to secure a faithful discharge of his duties in carrying out a given policy. The building of railroads and the access thereby given to all the agricultural and mineral regions of their country, is rapidly bringing civilized settlements into contact with all the tribes of Indians. No matter what ought to be the relations between such settlements and the aborigines, the fact is they do not harmonize well, and one or other has to give way in the end. A system which looks to the extermination of the race is too horrible for a nation to adopt, without entailing upon itself the wrath of all Christendom, and engendering in the citizen a disregard for human life and the rights of others, dangerous to society. I see no substitute for such a system, except in placing all the Indians on large reservations as rapidly as can be done, and giving them absolute protection there. As soon as they are fitted for it, they should be induced to take their lands and to set up territorial governments for their own protection. For full details on this subject I call your special attention to the reports of the Secretary of the Interior and the Commissioner of Indian Affairs.

ARMY EXPENSES.

The report of the Secretary of War shows the expenditures of the War Department for the year ending the 30th of June, 1869, to be $80,644,042, of which $23,882,310 was disbursed in payment of a debt contracted during the war, and is not chargeable to current army expenses. The estimate of $34,531,031 for the expenses of the army for the next fiscal year is as low as it is believed can be relied on. The estimates of bureau officers have been carefully scrutinized and reduced wherever it has been deemed practicable. If, however, the condition of the country should be such by the beginning of the next fiscal year as to admit of a greater condensation of troops, the appropriation asked for will not be expended. The appropriation estimated for river and harbor improvements and fortifications are submitted separately. Whatever amount Congress may deem proper to appropriate for these purposes will be expended. The recommendation of the General of the army, that appropriations be made for the forts at Boston, Portland, New York, Philadelphia, New Orleans, and San Francisco, if for no other, is concurred in. I also ask your special attention to the recommendation of the General commanding the military division of the Pacific for the sale of the Seal Islands, of St. Paul and St. George, Alaska Territory, and suggest that it either be complied with, or that legislation be had for the protection of the seal fisheries, from which a revenue should be derived.

The report of the Secretary of War contains a synopsis of the reports of the heads of bureaus, of the commanders of military divisions, and of the districts of Virginia, Mississippi and Texas, and the report of the General of the Army in full. The recommendations therein contained have been well considered, and are submitted for your action. I, however, call special attention to the recommendation of the Chief of Ordnance for the sale of arsenals and lands no longer of use to the government. Also, to the recommendation of the Secretary of War that the act of the 3d of March, 1869, prohibiting promotions and appointments in the staff corps of the army be repealed. The extent of country to be garrisoned, and the number of military posts to be occupied are the same with a reduced army as with a large one. The number of staff officers required is more dependent upon the latter than the former condition.

THE NAVY.

The report of the Secretary of the Navy, accompanying this, shows the condition of the Navy when this administration came into office and the changes made since. Strenuous efforts have been made to place as many vessels in commission, or render them fit for service if required, as soon as possible, and to substitute the sail for steam while cruising, thus materially reducing the expenses of the Navy, and adding greatly to its efficiency. Looking to our future I recommend a liberal though not extravagant policy towards this branch of the public service.

THE POSTOFFICE DEPARTMENT.

The report of the Postmaster General furnishes a clear and comprehensive exhibit of the operations of the postal service, and of the financial condition of the Postoffice Department. The ordinary postal revenues for the year ending the 30th of June, 1869, amount to $18,344,510, and the expenditures to $23,698,131, showing an excess of expenditures over receipts of $5,353,620. The excess of expenditures over receipts for the previous year amounted to $6,437,992. The increase of revenue, for 1869 over those of 1868, was $2,051,909, and the increase of expenditures was $967,538. The increased revenue in 1869 exceeded the increased revenue in 1868 by $996,336, and the increased expenditures in 1869 was $2,527,570 less than the increased expenditures in 1867, showing by comparison this gratifying feature of improvement: that while the increase of expenditures over the increase of receipts in 1868 was $2,439,535 the increase of receipts over the increase of expenditures in 1869 was $1,084,371. Your attention is respectfully called to the recommendations made by the Postmaster General for authority to change the rate of compensation to the main trunk railroad lines for their services in carrying the mails, for having post route maps executed, for reorganizing and increasing the efficiency of the Special agency service, for increase of the mail service on the Pacific, and for establishing mail service under the flag of the Union on the Atlantic, and most especially do I call your attention to his recommendation for a total abolition of the franking privilege. This is an abuse from which no one receives a commensurate advantage. It reduces the receipts for postal service from twenty-five to thirty per cent., and largely increases the services to be performed.

The method by which postage should be paid upon public matter is set forth fully in the report of the Postmaster General.

The report of the Secretary of the Interior shows that the quantity of public lands disposed of during the year ending 30th of June, 1869, was 7,666,152 acres, exceeding that of the preceding year by 1,010,409 acres. Of this amount 2,899,544 acres were sold for cash, and 2,737,365 acres were entered under the homestead laws. The remainder was granted to aid in the construction of works of internal improvement, approved to the States as swamp land, and located with warrants and scrip. The cash receipts from all sources were $4,472,886, exceeding those of the present year $2,840,140. During the last fiscal year 23,196 names were added to the pension rolls, 4,876 dropped therefrom, leaving at its close 187,963. The amount paid to pensioners, including the compensation of disbursing agents, was $28,422,884, an increase of $441,192 on that of the previous year. The munificence of Congress has been conspicuously manifested in its legislation for the soldiers and sailors who suffered in the recent struggle to maintain that unity of government which makes us one people. The additions to the pension rolls of each successive year since the conclusion of hostilities result, in a great degree, from the repeated amendments of the act of the 14th July, 1862, which extended its provisions to cases not falling within its original scope. The large outlay which is thus occasioned is further increased by the more liberal allowance bestowed since that date upon those who, in the line of duty, were wholly or permanently disabled. Public opinion has given an emphatic sanction to these measures of Congress, and it will be conceded that no part of our public burden is more cheerfully borne than that which is imposed by this branch of the service. It necessitates for the next fiscal year, in addition to the amount justly chargeable to the naval pension fund, an appropriation of thirty million dollars.

During the year ending 30th of September, 1869, the patent office issued 13,762 patents, and its receipts were $686,389, being $213,926 more than its expenditures. I would respectfully call your attention to the recommendation of the Secretary of the Interior for uniting the duties of supervising the education of freedmen with the other duties devolving upon the Commissioner of Education.

If it is the desire of Congress to make the census, which must be taken during the year 1870 more complete and perfect than heretofore, I would suggest early action upon any plan that may be agreed upon. As Congress at the last session appointed a committee to take into consideration such measures as might be deemed proper in reference to the census, and to report a plan, I desist from saying more.

I recommend to your favorable consideration the claims of the Agricultural Bureau for a liberal appropriation. In a country so diversified in climate and soil as ours, and with a population so largely dependent upon agriculture, the benefits that can be conferred by properly fostering this Bureau are incalculable.

INADEQUATE SALARIES.

I desire respectfully to call the attention of Congress to the inadequate salaries of a number of the most important officers of the Government in this message. I will not enumerate them, but will specify only the Justices of the Supreme Court. No change has been made in their salaries for fifteen years. Within that time the labors of the court have largely increased, and the expenses of living have at least doubled. During the same time, Congress has twice found it necessary to increase largely the compensation of its own members, and the duty which it owes to another department of the Government deserves and will undoubtedly receive its due consideration.

There are many subjects not alluded to in this message which might with propriety be introduced, but I abstain, believing your patriotism and statesmanship will suggest the topics and legislation most conducive to the interests of the whole people. On my part, I promise a rigid adherence to the laws and their strict enforcement.

U. S. GRANT.

REPORT
OF THE
SECRETARY OF THE INTERIOR.

DEPARTMENT OF THE INTERIOR, }
WASHINGTON, November 15, 1869. }

SIR:—In presenting a statement of the public business of this department for the last fiscal year, I shall follow the usual custom of making an exhibit of the affairs of the several bureaus, and adding such recommendations as the good of the service seems to require should be carried into effect.

I also submit the reports of the several benevolent and correctional institutions which are under the supervision of this department and are, wholly or partly, dependent upon governmental support, together with such information concerning various public works committed to its charge as the records and files furnish.

PUBLIC LANDS.

During the fiscal year, public lands were disposed of as follows:

	Acres.
Cash sales	2,899,544 30
Taken for homesteads	2,737,365 05
Grants to railroad and wagon roads	746,769 51
Approved to States as swamps	445,768 49
Located with military warrants	419,780 00
Located with college scrip	352,664 86
Located with Indian scrip	24,259 76
	7,666,151 97

A quantity greater by 1,010,409.47 acres than was disposed of the previous year.

The number of acres entered under the homestead law was greater by 408,441 than that of the preceding year.

The surveys in fifteen surveying districts embraced 10,822,896 acres.

The cash receipts from all sources amounted to $4,472,886 28; a sum greater by $2,840,140 38 than was received the previous year.

The total expenses of the General Land Office and the seventy-three district offices amounted to $453,816 43.

Congress appropriated ten thousand dollars for the continuance of the geological survey of the Territories of the United States by Professor Hayden.

He was instructed by the department to direct his attention especially to the geological, mineralogical, and agricultural resources of the Territories of Colorado and New Mexico; ascertain the age, order of succession, relative position, dip, and comparative thickness of the different strata and geological formations, and examine with care all the beds, veins, and other deposits, of ores, coals, clays, marls, peat, and other mineral substances, as well as the fossil remains of the different formations.

He entered on his labors in the field the last of June, at Cheyenne, Wyoming Territory. His route was through Denver, the silver and gold mining region of Georgetown and Central City, the Middle Park, Colorado City, and Fort Union to Santa Fe, returning through the San Luis Valley and South Park to Denver. The exploration, though brief and rapid, was eminently successful, and the collections in geology, mineralogy, botany, and zoology were extensive. His preliminary report bears date October 15. It is accompanied by two other reports made to him by his assistants—one on mines and mining, the other on agriculture. These papers are a valuable contribution to our knowledge of the subjects which they embrace, and merit careful perusal.

PATENT OFFICE.

During the year ending 30th September, 1869, 19,300 applications for patents, including re-issues and designs, 3,686 caveats, and 153 applications for the extension of patents, were filed. 13,762 patents, including re-issues and designs, were issued, 125 extended, and 899 allowed, but not issued by reason of the non-payment of the final fee.

On the 1st day of October, 1868, the unexpended balance of the appropriation was $117,249 18. The appropriations subsequently made amounted to $772,018, making an aggregate of $889,267 18. The expenditures since that date have been $472,462 62, leaving on hand an available balance of $416,804 58.

During said year the fees received were $213,926 02 in excess of the expenditures. This exhibit furnishes a gratifying contrast to that of the preceding year, when the expenditures exceeded the receipts $171 64.

The appropriation asked for the next fiscal year is $564,420.

The office now publishes a weekly list of claims, which is furnished to subscribers at five dollars per annum. It is believed that by the ensuing year the receipts will cover the entire cost of the work. This list, published simultaneously with the issue of the patents, serves all the purposes of the annual report, which is not issued until two years later. In order that the public and the examining corps may have access to the drawings of the office, I recommend an appropriation for printing copies. The expense so occasioned can be reimbursed, if the Commissioner be authorized to make sale of them and apply so much of the proceeds thereof as may be necessary. If he could sell copies of the patent and of the drawings at cheap rates to those who desire them, and place copies in the State Capitals and great commercial centers, more complete information of the action of this bureau than is now furnished by the report would be promptly disseminated, and an annual expenditure of $200,000 of the public money avoided.

My immediate predecessor, in each of his annual reports, urged the repeal of all laws which authorized an appeal from the decision of the Commissioner of Patents on applications for letters patent and interference cases. The reasons he presented are, in my opinion, clear and unanswerable. It is, indeed, believed that it was the attention of Congress to abolish such an appeal by the act of 1861. No mention is made of it in the provision for appeals, or in the new schedule of fees thereby established. It has, however, been held that prior acts which authorized such an appeal are still in force, and that the right thereto still exists. If their purpose was to secure uniformity in the administration of the patent laws, it has signally failed. The appellants may select either of the four members of the Supreme Court of the district to hear and determine the case, and from his decision no appeal lies to the court in banc. The Commissioner, in a paper addressed to me, represents that, as a natural consequence of the appeal and of the fee claimed for acting upon it, the judges have, without authority from Congress, assumed to extend their jurisdiction to his purely ministerial duties, and to interfere with his discharge of them. Decisions have been made on the proper date of letters patent, the allowance of amendments, the issue of double patents to an inventor and his assignee, and on other questions of a like character. The practical working of this asserted supervisory control over the doings of the Commissioner has been, upon the whole, injurious. Consistency of decisions and of administration has not been attained. Controversies and litigation as to the extent of relative jurisdiction have arisen, and the usefulness of the office, in its attempts to protect the public against imposition, has been essentially impaired.

PENSIONS.

At the date of the last annual report the name of but one revolutionary soldier, Daniel F. Bakeman, remained on the pension rolls. He has since died.

Of the pensioned widows of soldiers in the revolutionary war there survive: one of those married prior to 1783, fifty-four of those married between 1783 and 1794, thirty-eight of those married between 1794 and 1800, and seven hundred and ninety-five of those married since 1800—eight hundred and eighty-seven in all, one only one less than the preceding year.

There are on the rolls the names of 1,298 widows and children of soldiers who served in the wars subsequent to the Revolution and prior to that of 1861, a decrease of five since the last annual report. The number of invalid pensioners who served in said wars is 2,350.

During the past year there were examined and allowed 7,129 new applications for invalid pensions of soldiers, at an aggregate annual rate of $468,144 40; and 2,908 applications for increased pension of invalid soldiers, at an aggregate rate of $164,798 29. During the same period 15,695 original pensions to widows, orphans, and dependent relatives of soldiers were allowed, at an aggregate annual rate of $1,577,281 53; and 11,988 applications by the same class for increased pay were also admitted, at a total annual rate of $784,549 79. On the 30th June, 1869, there were on the rolls 81,579 invalid military pensioners, whose yearly pensions amounted to $7,302,804 28; and 103,546 widows, orphans and dependent relatives of soldiers, whose yearly pensions amounted to $13,567,879 19—making the total aggregate of army pensioners 185,125, at a total annual rate of $20,938,682 47. The whole amount paid during the last fiscal year to invalid military pensioners was $9,383,714 48; to widows, orphans and dependent relatives, $18,609,153 56—a grand total of $27,992,868 04, which includes the expenses of the disbursing agencies.

During the same year there were admitted 172 new applications for invalid navy pensioners, at an annual rate of $16,239; 57 applications for increased pensions of the same class, at an annual aggregate of $2,606 50; 239 original applications of widows, orphans and dependent relatives of those who died in the navy, at an aggregate rate of $27,510 per annum; and 161 pensions of the same class were increased, at a total yearly rate of $4,728. On the 30th June, 1869, the rolls of the navy pensioners bore the names of 1,280 invalids, at an annual aggregate of $118,171 10; and 1,558 widows, orphans and dependent relatives, at an aggregate annual rate of $256,859. The amount paid during the last fiscal year to navy invalids was $125,640 51; and to widows, orphans and dependent relatives of officers and seamen of the navy, $304,375 53—a total amount of $430,016 04.

During the year there were added to the number of pensioners, of all classes, 23,196; there were dropped, from various causes, 4,876, leaving on the rolls June 30, 1869, 187,963. The total amount paid for pensions of all classes, including the expenses of disbursement, was $28,422,884 08, a sum greater by $4,411,902 09 than that paid the previous year.

There were 1,650 bounty land warrants issued, for 260,040 acres.

It is estimated that, exclusive of the amount chargeable to the navy pension fund, $30,000,000 will be required for the pension service during the next fiscal year.

Investigations made during the past summer have proven the commission of very numerous frauds in procuring false testimony, by means of which certificates of pensions have been wrongfully obtained. Diligent effort is being made to bring the offenders to justice, but the mode of appointing and paying pension agents and medical examiners should be changed, with a view to increasing their efficiency as aids to the office in protecting the government against fraudulent claims.

The pension agents are now entitled to a per centage upon the amount of money disbursed by them. In my judgment this is the exact opposite of the true rule in such cases. The government may be benefited by paying collecting officers a per centage on their collections, since their vigilance is stimulated in that way; but to increase the officer's compensation in the ratio of the amount disbursed, is to make it his interest to be blind to frauds which tend to increase the payments to be made by him, and his own consequent profit. I would recommend, therefore, that the salaries of the several pension agents be fixed at the amount actually paid them during the past fiscal year, and that the sliding scale, dependent upon disbursements, be abolished.

Under the present laws examining surgeons are appointed from the medical men resident in the various districts of the country. They examine the applicants for pension in their own neighborhood, such applicants paying the fee therefor, which is repaid to the applicant if the pension is finally granted. Under this rule the feelings of good neighborhood, the disposition to favor a friend, and the desire to extend his own practice by increasing his popularity, all tempt the examiner to be lax, and there is conclusive evidence that such laxity has greatly and improperly increased the pension-roll, and the consequent burdens of taxation. I therefore recommend that a sufficient number of medical officers be permanently attached to the Pension Office, to make the required examinations of invalid pensioners as well as of applicants for invalid pensions, or an increase of rate, and that the fees now paid for such examinations be turned into a fund for paying proper salaries to such medical examiners.

INDIAN AFFAIRS.

The problems presented by our relations to the Indian tribes which still inhabit portions of the western States and territories are every year making more imperative demands for a fixed general policy that shall give some reasonable probability of an early and satisfactory solution.

The completion of one of the great lines of railway to the Pacific coast has totally changed the conditions under which the civilized population of the country come in contact with the wild tribes. Instead of a slowly advancing tide of migration, making its gradual inroads upon the circumference of the great interior wilderness, the very center of the desert has been pierced. Every station upon the railway has become a nucleus for a civilized settlement, and a base from which lines of exploration for both mineral and agricultural wealth are pushed in every direction. Daily trains are carrying thousands of our citizens and untold values of merchandise across the continent, and must be protected from the danger of having hostile tribes on either side of the route. The range of the buffalo is being rapidly restricted, and the chase is becoming an uncertain reliance to the Indian for the sustenance of his family. If he is in want he will rob, as white men do in the like circumstances, and robbery is but the beginning of war, in which savage barbarities and retaliations soon cause a cry of extermination to be raised along the whole frontier.

It has long been the policy of the government to require of the tribes most nearly in contact with white settlements that they should fix their abode upon definite reservations and abandon the wandering life to which they had been accustomed. To encourage them in civilization, large expenditures have been made in furnishing them with the means of agriculture and with clothing adapted to their new mode of life.

A new policy is not so much needed as an enlarged and more enlightened application of the general principles of the old one. We are now in contact with all the aboriginal tribes within our borders, and can no longer assume that we may, even for a time, leave a large part of them out of the operation of our system.

I understand this policy to look to two objects: First, the location of the Indians upon fixed reservations, so that the pioneers and settlers may be freed from the terrors of wandering hostile tribes; and second, an earnest effort at their civilization, so that they may themselves be elevated in the scale of humanity, and our obligation to them as fellow-men be discharged.

In carrying out this policy a great practical difficulty has arisen from the fact that in most instances a separate reservation was given to each tribe. These reservations have been surrounded and gradually invaded by the white settlers, and the Indians crowded out of their homes and forced to negotiate for a new settlement, because their presence, their habits, and their manners were distasteful to their new and more powerful neighbors.

It is believed that the only remedy for this condition of things is to encourage the Indians to assemble upon larger reservations, where their numbers will be aggregated, and where the more civilized of them will influence the others in striving to progress in the arts of peace. Congress has already passed an act to enable the civilized Indians of the Indian Territory, properly so called, to form a general organization, with most of the elements of a territorial government; but the requisite appropriations of money have not been made to carry the plan into effect. I would earnestly recommend that no further delay be made in this matter. The associated tribes, of which the Cherokees have taken the lead, are those best fitted for a fuller experiment in self government. They are already familiar with most of the forms of executive, legislative and judicial action in use among us, and I believe them well prepared to dispense with the tutelage of our agents, if they may have a delegate of their own upon the floor of the House of Representatives to speak for them. Both they and we are suffering for the lack of such direct representation. The white constituencies which are nearest to them are the ones of all the nation whose interests are most in opposition, and whose personal tendencies are most hostile to theirs. The representatives of such constituencies would be more than human if they were not influenced by this fact. Representation chosen by the tribes themselves, and responsible to themselves, is the only mode of making the country acquainted with their condition and with our obligations to them. In such a territory the tribal organization would easily merge into the county, and the territorial legislature would not be very different from the grand councils at present in vogue among them.

The Indians north of the Platte River are not prepared for a similar concentration; but the time cannot be far distant when two or three principal Indian territories may properly embrace all the tribes east of the Rocky Mountains. Without such a system they will inevitably go through the old process of being first surrounded and then overwhelmed and destroyed by the white immigration. As they advance in intelligence they will need no urging to adopt this plan, for they will see as plainly as we that the existence of their race depends upon it.

The same policy of concentrating the tribes will apply to the country west of the Rocky Mountains, and will be equally necessary whenever and wherever the feuds existing among them can be so far settled that they can live together in peaceful neighborhood. Upon such permanent reservations farms should be allotted in severalty as soon as any disposition to agriculture is awakened, and every inducement offered to stimulate the desire for property of a fixed character.

The late peace commission negotiated treaties with all the principal tribes east of the Rocky Mountain, and were guided in their action by the general views stated above, which indeed may be said to have been accepted by all disinterested persons who have had any opportunity of examining the subject. The treaties were duly ratified, and so became the solemn contract between the United States and those tribes. It is deeply to be regretted that specific appropriations were not made to carry out strictly the terms of the treaties, for, although the general appropriation of two millions has been used as far as possible in the fulfillment of the obligations incurred, the Commissioner of Indian Affairs has been met at every step by distrust of the good faith of the government, and all promises regarding the future have been doubtingly received and answered by the inquiry, what agreement could be more binding than that made under the authority of Congress by so distinguished personages as the embassadors of the United States? Everything attending the peace commission was of a nature to excite the imaginations of the Indians, and to impress them with the belief that now, more than ever before, we were thoroughly in earnest in our negotiations. The disappointment is proportionately great, and the comparative quiet which has been maintained throughout the year could only have been secured by greatly increased care and untiring effort on the part of the officers of the Indian Bureau and of the army officers, who have co-operated with the greatest zeal in carrying out a peaceful policy.

A savage is the last person with whom any doubt of our exact good faith should be allowed to remain. In dealing with him it seems quite essential that he should find both our promises and our threats absolutely certain, and so learn to invest the government with something of the divine attributes of justice and omnipotence.

In the organization of the Indian Bureau itself, at the beginning of your administration, it was deemed advisable to depart from the usual mode of selecting and appointing the superintendents and agents. The tribes in Nebraska and Kansas, and some of those most recently placed upon reservations in the Indian territory, were placed under control of members of the Society of Friends; the others were given in charge of military officers, who were waiting orders under the laws for the reduction of the army.

These sweeping changes were made because it was believed that the public opinion of the country demanded a radical reorganization of this branch of the service. The selection of the officers of the army was made partly for economical reasons, as they were on pay though not on duty, and the salaries of many civil officers could thus be saved, and partly because it was believed they furnished a corps of public servants whose integrity could be relied upon, and in whom the public were prepared to have confidence.

The Friends were appointed not because they were believed to have any monopoly of honesty or of good will towards the Indians, but because their selection would of itself be understood by the country to indicate the policy adopted, namely, the sincere cultivation of peaceful relations with the tribes, and the choice of agents who did not, for personal profit, seek the service, but were sought for it because they were at least deemed fit for its duties. The two yearly meetings of "Friends" were asked to select men in whom they had confidence, and who might become at once the business agents of the government and zealous missionaries of civilization. The persons so selected were appointed by you by and with the advice and consent of the Senate, and although it was somewhat late in the season when they were sent to their posts, enough has been seen of their labors to make it certain that the mode of selection was not a mistake. It is due to these societies to say that they have at their own cost sent officers of their own body to inspect the work of the agents as far as it aimed at the civilization and instruction of the Indians. The moral support and encouragement thus given to the agents must be valuable.

In accordance with the same general plan of bringing moral influences to bear upon the conduct of Indian affairs, the present Congress authorized you to appoint a commission of philanthropic citizens, to serve without pay, in such supervisory and visitorial duty as might be assigned to them. No difficulty was found in securing the services of men of the highest character and known benevolence. By an executive order they were authorized to inspect all the accounts and records of the Bureau, to be present at the purchases of Indian goods and advise as to the conduct of the same, and to visit and inspect the tribes in their reservations and examine the business of all the agencies. The officers of the department were also directed to give respectful heed to the suggestions and reports of the commission. No direct responsibility, either pecuniary or administrative, was put upon this commission, because it was believed that their usefulness would not be increased thereby. They now constitute an entirely disinterested body of intelligent advisers, with full power to throw the light of the most searching scrutiny upon the conduct of our relations with the Indians, and to give the public, through their reports, the most reliable knowledge of the condition and progress of the several tribes. It is believed, also, that their efforts cannot fail to stimulate the public conscience, and to give greater unity and vigor to the voluntary efforts made throughout the country in the cause of Indian civilization—a result desirable in itself, and certain to make easier and more satisfactory the duties of the officers of the bureau.

The administrative efforts of the department in this regard have therefore been directed, first, to the substitution of new officers in the agencies, selected by a new rule, and one which it was believed would inspire public confidence; and second, to organize a reliable mode of visitation and supervision, which would give the purifying influence of the most public scrutiny, and the great advantage of intelligent and philanthropic advice as to the affairs of tribes of fellow men who have no more direct representation, or more satisfactory way of making their condition and wants known to the country.

The experience of the last summer, imperfect as it has necessarily been, warrants confidence in the system adopted. The report of the Commissioner, with the reports of the inspecting committees and other documents appended, show that the general condition of the tribes is much more peaceful than we had reason to expect. No general or formidable hostilities have broken out, and it is believed that the influence of nearly all the older and more experienced chiefs has been in favor of peace and of friendly appeals to us to carry out our treaties with them. Small bands of several tribes have been guilty of pillage and murder, and have been severely and justly punished by the troops; but even these collisions have not disturbed the quiet of the greater portion of the Indian country.

OFFICE OF EDUCATION.

At the last session of Congress the organization of the department of education was so reduced as essentially to change its character.

The Commissioner has devoted his time and attention—

1st. To giving such advice, information, and assistance as may be specifically called for by State officers of education, or local trustees or instructors of common schools, throughout the country.

2d. To preparing and transmitting circulars and memoirs which contain such matter as he regards best adapted to improve and perfect the common school education of the country; and

3d. To personally visiting schools, conventions, &c., for the purpose of interchanging views with professional teachers, and acquiring or imparting knowledge respecting the progress of education and its methods.

The report for the present year will be found to contain elaborate comparisons and analyses of the public educational systems of Europe, the courses of instruction, the organization and discipline of the various schools, and, besides the briefer circulars on important educational topics, which have been issued during the year, a history of the schools of the District of Columbia, and of the general work of the bureau itself.

The encouragement of education among the freedmen of the southern States, which has heretofore formed a very important part of the labor of the "Freedmen's Bureau," is necessarily very closely allied to the general scope of the duties devolving upon the Commissioner of Education. I would respectfully suggest the propriety of uniting the whole in this office, with suitable powers and provisions for fostering education and increasing intelligence among the recently enfranchised people. It would seem that, in regard to them, the efforts of the Commissioner may be of the utmost service, by placing at their disposal and bringing to their attention the methods of instruction which experience has developed in the most enlightened portions of the world, and thus saving them from the slow and painful process of learning by their experience alone. The whole country has so great a stake in the progress of those who have recently emerged from slavery, and in their proving fit to wield the great political power now held by them, that no rational effort should be spared to hasten their enlightenment and give them access to the most approved means of intellectual progress.

CENSUS.

The twenty-third section of an act entitled "An act providing for the taking of the seventh and subsequent censuses of the United States, and to fix the number of the members of the House of Representatives, and provide for their future apportionment among the several States," approved May 23, 1850, prescribes "that if no other law be passed providing for the taking of the eighth or any subsequent census of the United States, on or before the first day of January of any year when, by the Constitution of the United States, any further enumeration of the inhabitants thereof is required to be taken, such census shall, in all things, be taken and completed according to the provisions of this act." The constitutional provision directs the next enumeration to be made during the coming year, and Congress, in executing it, will provide other methods if those prescribed by existing legislation are deemed inadequate. I forbear making any specific recommendation on the subject, as a committee, appointed by the House of Representatives at its last session, to take into consideration such measures as might be deemed proper in reference to the census, and to prepare a plan, have been actively engaged in prosecuting their inquiries, and will, I am informed, be ready to report at the commencement of the approaching session. A great amount of preliminary labor is required in maturing and arranging the details of a work of such extent and variety, and in preparing and distributing blanks and instructions. The obvious impossibility of commencing it until the manner of taking the census shall have been determined, offers a conclusive reason for the early decision of Congress.

Payment has been withheld from a large number of assistant marshals, who rendered services in taking the eighth census in those sections of the country which were subsequently in rebellion. The original appropriations for that census were long since exhausted, and those of a later date do not extend to these cases. I recommend that provision be made for all just claims of this description, subject, however, to the joint resolution of March 2, 1867, which prohibits the payment of any account or demand against the United States to a person who, during the rebellion, was not known to be opposed thereto and in favor of its suppression.

JUDICIARY.

The following statement shows the amount advanced during the fiscal year ending June 30, 1869, to marshals of the United States for defraying the expenses of the courts of the United States, including the fees of marshals, jurors, and witnesses the maintenance of prisoners, and contingencies:

Alabama, southern district	$2,000 00
Arkansas, eastern district	14,103 00
Arkansas, western district	40,017 70
California	26,637 00
Connecticut	3,207 00
Delaware	2,415 00
District of Columbia	131,254 39
Florida, northern district	15,915 00
Florida, southern district	600 00
Georgia	31,034 75
Illinois, northern district	38,570 75
Illinois, southern district	28,170 93
Indiana	17,231 00
Iowa	36,360 00
Kansas	33,327 00
Kentucky	82,420 00
Louisiana	34,118 00
Maine	15,912 00
Maryland	25,384 90
Massachusetts	52,785 00
Michigan, eastern district	39,446 60
Michigan, western district	17,975 00
Minnesota	18,255 00
Mississippi, northern district	7,009 00
Mississippi, southern district	10,651 00
Missouri, eastern district	66,211 00
Missouri, western district	10,490 92
Nebraska	37,500 00
Nevada	7,382 00
New Hampshire	3,979 00
New Jersey	22,255 66
New York, northern district	87,171 28
New York, southern district	70,338 39
New York, eastern district	11,851 00
North Carolina	37,270 00
Ohio, northern district	29,670 00
Ohio, southern district	60,690 20
Oregon	14,197 00
Pennsylvania, eastern district	35,772 00
Pennsylvania, western district	49,032 60
Rhode Island	6,348 00
South Carolina	39,190 00
Tennessee, eastern district	9,500 00
Tennessee, middle district	16,600 00
Tennessee, western district	14,925 00
Texas, eastern district	26,650 00
Texas, western district	10,483 00
Vermont	9,500 00
Virginia	25,000 00
West Virginia	26,347 41
Wisconsin	17,372 17
Colorado	30,970 00
Dakota	23,554 35
Idaho	6,046 00
Montana	17,000 00
New Mexico	25,794 50
Washington	21,563 00
Wyoming	4,324 00
Total	$1,599,701 50

The amount paid to district attorneys, their assistants, and substitutes for the same period was one hundred and ninety-nine thousand one hundred and twenty-three dollars and eighty-nine cents, ($199,123 89;) to United States commissioners, eighty-seven thousand seven hundred and ninety-five dollars and fifty-five cents ($87,795 55); to clerks of the courts of the United States, seventy-nine thousand five hundred and sixty-eight dollars and two cents ($79,568 02); and for miscellaneous expenditures, including rent of court rooms, one hundred and nine thousand seven hundred and three dollars and ninety-three cents ($109,703 93); making in the aggregate two million seventy-five thousand eight hundred and ninety-two dollars and eighty-nine cents ($2,075,892 89), being two hundred and eighty-six thousand seven hundred and fifteen dollars and thirteen cents ($286,715 13) in excess of the expenditure during the preceding year. In addition to the estimated receipts from fines, penalties and forfeitures, one million two hundred thousand dollars ($1,200,000) will be required for this service during the next fiscal year. This sum is less by three hundred thousand dollars ($300,000) than that appropriated for the present year.

The government has erected or purchased buildings in several of the districts, and appropriated them, in whole or in part, to judicial uses. This wise and liberal provision has not been made in many places where there is a large and increasing amount of litigation. The department, in such cases, has been compelled to lease private property on the best terms that could be obtained. It very rarely affords suitable apartments for Court or jury rooms, or the other requisite accommodations. My predecessors have expressed the opinion, in which I fully concur, that the Federal Courts should be held in fire-proof buildings, specially constructed for the purpose by the United States, combining every convenience for promptly transacting business, with the utmost security for the preservation of the records and files. In some of the districts, Courts are required to sit in more places than the necessities of the service demand. This arrangement causes considerable expense, without any corresponding benefit to the litigating parties or the public.

RAILWAYS AND WAGON ROADS.

The Union Pacific Railroad Company, during the last fiscal year, completed 165 88-100 miles of railroad and telegraph, terminating at Promontory Summit. The distance therefrom to Omaha is 1,085 88-100 miles.

The joint resolution of April 10th, 1869, provides: "That the common terminus of the Union Pacific and the Central Pacific railroads shall be at or near Ogden; and the Union Pacific Railroad Company shall build, and the Central Pacific Railroad Company pay for and own, the railroad from the terminus aforesaid to Promontory Summit, at which point the rails shall meet and connect and form one continuous line."

The connection was formed on the 10th of May last. This department has not, however, been advised of any agreement by the companies respecting the location of their "common terminus."

The company report that, since the connection, trains have been run with a regularity not surpassed on the oldest roads in the country, and that an adequate force has been constantly engaged in making such improvements as would render their road in all respects equal to the standard prescribed. They furnish the following statement: Amount of stock subscribed, $24,777,300; actually paid in, $24,762,300; received from passengers from 1st July, 1868, to 30th June, 1869, $2,453,672 45; from freight, $4,423,463 39, and from telegraph, &c., $465,135 32. The average number of miles of road operated during the year was 854 65-73; the gross earnings were $7,342,271 16; and the operating expenses $5,894,268 63; leaving as net earnings $1,448,002 53. The entire cost of the road to 30th June, 1869, not including unadjusted balances with engineers and contractors, was $92,748,762 14, and the indebtedness of the company at that date, $67,986,462 14.

On the 14th August last, the commissioners appointed under the joint resolution approved 10th April, 1869, were instructed to examine the roads built by this and the Central Pacific Railroad Company, of California, and to report touching their location, construction, and equipment, and the sums, if any, that would be required to complete each of them for its entire length as a first-class railroad, in compliance with the requirements of Congress.

The commissioners have submitted their report. They are of opinion that there are no material errors in the general location of this road, but that the deviations from the accepted line at Promontory and Uintah Mountains should be corrected, and the bridge line at Omaha built so as to avoid the present heavy grade. The road-bed the larger part of the way, is of proper width, though there are some places where the embankments should be widened. The bridges, culverts, and trestles are generally good structures. Some of the former should be strengthened and some of the latter filled up. The track is generally very good. The cottonwood cross-ties should be replaced by others of more durable material. The sidings are ample, amounting to fully nine per cent. of the length of the line. The road needs ballasting between Promontory and Ogden, and in the Platte Valley. A machine shop at the junction of the two roads, and engine houses at three points, will be required. Freight cars are in excess of the wants of the road. The estimate for supplying deficiencies between Promontory and Ogden is $206,000, and between the latter place and Omaha, $1,380,100, making an aggregate of $1,586,100. The company have on hand a surplus of material and supplies amounting to about $1,800,000 in value.

While the location of the Central Pacific Railroad is, in several places, open to criticism, there are no errors the immediate correction of which, in the opinion of the Commissioners, should be required by the Government. At a few points the embankments need widening. There are fifteen tunnels on the road, and those which require it, arched with wood. The bridges and trestles are in the same condition as those on the other road. In a distance of forty miles there are thirty-two miles of snow sheds. The track is well adapted to high retes of speed. Some additional ballasting is required. The sidings are about five per cent. of the length of the road. The machine shops are considered sufficient, except at the junction of the two roads. Additional engine houses are needed. The equipment is in excess of the wants of the road.

The commissioners estimate the sum required to supply deficiencies at $576,650, and the value of the surplus material at more than $1,000,000.

The original act required the completion of a continuous line of railway from the Missouri river to the navigable waters of the Sacramento "by the 1st day of July, 1876." The energy with which the work was prosecuted has been crowned with signal and unexpected success; as this great national thoroughfare was in use more than seven years before that date. It is not surprising, in view of the unprecedented rapidity with which it was constructed, that deficiencies, most of which are incident to all new roads, should have existed. Each successive effort of the special commissioners who were from time to time appointed, shows that these deficiencies have been gradually and in a very great degree supplied. The aggregate material and equipment on hand exceed by $637,250 the amount necessary to make the whole line conform in every respect to the demands of the law and the just expectations of the country. Under the circumstances, I had the honor to recommend the acceptance of the last sections. No patents have been issued to the first company, and the subsidy of $1,670,400, on account of the fifty-two and one-fifth miles of road which were last constructed, has been withheld. The other company have received patents covering only 144,386 63-100th acres. It will thus be perceived that the Government has ample means to secure from the companies the faithful performance of their respective engagements.

Three hundred and three-tenths miles of the Central Pacific Railroad of California have been constructed since the date of the last annual report of this department. The distance from Promontory Summit to Sacramento is six hundred and ninety and three-tenths miles. The President of the Company has not submitted a report, as required by law.

Stock of the Kansas Pacific Railway Company, to the amount of $5,072,500, has been subscribed and paid in. The receipts for transportation of passengers and freight, from 1st of September, 1868, to 31st of August, 1869, were $2,141,198 47, and the net earnings $946,645 11. The cost of construction, surveys, right of way, and of real estate purchased, to the latter date, was $23,705,757 43, and the indebtedness of the company $18,263,504 58. Including the Leavenworth branch, four hundred and thirty-eight miles of road have been constructed, and it is expected that the line to Denver will be finished and in successful operation during next summer.

Stock of the Central Branch Union Pacific Railroad Company to the amount of $1,000,000 has been subscribed, and $980,600 paid. The receipts for transportation of passengers and freight from 1st August, 1868, to 1st August, 1869, were $109,064 31. The actual cost of the road, fixtures, rolling stock, &c., is $3,723,700; and the indebtedness of the company for borrowed money, railroad iron, and freights, $68,834 29.

The Sioux City and Pacific railroad has been completed and accepted. Its length is one hundred and one and twenty-seven hundredths miles. The amount of capital stock of the company subscribed is $4,271,000, of which $1,677,900 has been paid. The receipts from the transportation of passengers and freight from 1st October, 1868, to 30th September, 1869, were $233,724 25, and the operating expenses $151,920 25. The cost of the construction and equipment of the road is $4,236,503 49, and the indebtedness $4,934,229.

The amount of stock of the Western Pacific Railroad Company subscribed, all of which has actually been paid in, is $881,100. During the year ending 30th June, 1869, the receipts from passengers and freight were $6,173 37, and the running expenses $260 87. The indebtedness at that date, unsettled accounts with contractors not included, was $851,000. Since the last annual report of the department eighty-three miles of their road have been built and accepted.

The foregoing statement of the business and financial condition of the companies has been compiled from the reports which they respectively filed in this department pursuant to the act of 25th June, 1868. Neither the Northern Pacific, the Atlantic and Pacific, nor the Southern Pacific Railroad Company have complied with the act, and I am not officially advised of their doings. Certain public lands were withdrawn on account of the latter company. As they were not, in the opinion of my immediate predecessor, situate on the authorized route of the road, he issued an order for their restoration to market. He subsequently allowed a temporary suspension of that part of the order which related to the sections lying south of San Jose, as the company desired time to produce proofs and arguments. After fully considering them I had no doubt that the order was obviously just and right, and on the 2d inst. I directed it to be carried into effect.

Pursuant to the authority conferred by the act of 3d March, 1869, the Kansas Pacific Railroad Company entered into a contract with the Denver and Pacific Railway and Telegraph Company for the construction, operation and maintenance by the latter of that part of the road of the former company which extends from Denver to Cheyenne. A copy of the contract and a map of the route between those points have been filed in this department, and the granted lands withdrawn from market.

One thousand dollars appropriated by an act of 2d March, 1869, have been expended in completing the bridge over the Dakota river, and in locating and surveying the wagon road between it and the Vermillion river. There is a balance of $45 53 of the appropriation for the bridge across the Big Sioux River, and for the wagon road between Sioux City and the mouth of the Big Cheyenne river. No further work has been done on the road from Virginia City, Montana, to Lewiston, Idaho. It was opened for pack trains in 1868, and in the opinion of the superintendent, nothing more was required, or could be done for a large portion of the way. There is an unexpended balance of $8,025 21 applicable to that improvement. Operations on the road from the mouth of the Big Cheyenne to a point on the Niobrara road were suspended in 1867, and have not been resumed. It crosses the reservation set apart for the different bands of Sioux Indians, under the treaty concluded by them with the United States, at Fort Laramie, and proclaimed on the 24th day of February last. The balance of the appropriation on hand is $5,687 70.

PUBLIC DOCUMENTS.

The laws providing for the distribution of the statutes and other publications have, as far as practicable, been executed. Public documents from the commencement of the thirty-sixth to the fortieth Congress, inclusive, a copy of "American Archives," "Annals of Congress," and "American State Papers, second series," all carefully boxed, will be sent to the several territorial governments which have not heretofore received them, on their signifying their willingness to incur the cost of transportation. Congressional documents are also held to supply one public library, or an incorporated institution, in each congressional district of the States lately in rebellion.

In conformity with an act of Congress of March 3, 1869, about thirty-one thousand volumes have been collected from executive departments and public offices, and deposited in this building. There is a very large accumulation of broken sets of documents, and authority should be given to sell, exchange, or distribute such odd volumes as are not needed to supply deficiencies in the Library of Congress, or in that of either of the executive departments.

I recommend a repeal of so much of the laws as provide for inserting in the "Biennial Register or Blue Book" a list of the several postoffices, postmasters, mail contractors, clerks in postoffices, mail route messengers, letter carriers, &c., &c., in the several States and Territories. The last number of the register has eight hundred and seventy-seven pages, of which five hundred and forty-four are appropriated to the postal service. The Postoffice Department issues biennially a work containing an alphabetical list of the offices, with the names of the postmasters annexed, the offices arranged by counties and States, tables of distances, rates of postage, and other valuable information. Duplicating the same matter in a separate publication is worse than useless. The names of the officers of that department on duty in Washington might be retained in the register, and the remainder of the postal statistics excluded.

CAPITOL.

The architect reports various changes, repairs and improvements in the Capitol extension during the past year. Many of the rooms and passages have been painted, and the Senate postoffice room has been re-arranged. Four pictures in fresco have been added to the ceiling of the Senate retiring room, the granite steps reset, and the cleaning and pointing of the marble continued.

The repairs of the wings and heating apparatus were formerly ordered by the officers of the two houses, and paid for by specific appropriations. An act of the 3d of March last, provides that all improvements, additions, and repairs of the Capitol shall be made by the direction and under the supervision of the architect, and be paid for out of the appropriation for the Capitol extension. The estimate for next year includes the probable cost of such repairs, and that of flagging the upper terraces with Seneca stone, and surrounding their outer edge with a broad granite coping. New sky-lights have been placed over the lantern in the central building. The inner sash over the old hall of the House of Representatives has been removed, and the interior of the lantern refitted and supplied with a row of gas burners, which are lighted by the battery of the dome. Six committee rooms have been fitted up, and the books and documents which were stored in most of them deposited in the cellar story, into which heated air has been introduced. Steam radiators have also been placed in the central passages near the western doors, and the furnaces taken from the crypt. The architect recommends that, next season, steam coils be substituted for the old and worn hot-air furnaces, as at once more pleasant and economical.

A room connected with the office of the Secretary of the Senate has been fitted up, pursuant to the provision of the Senate resolution of 19th April last, and other rooms shelved, to receive duplicate documents. Much of the exterior of the central building has been painted. Several coats were necessary to prevent the disintegration of the cornice and balustrade which are exposed to the weather; the necessary repairs have been done on the new dome, and two men constantly employed in keeping the interior in proper order for visitors.

The buildings not necessary for the work in progress have, with the exception of the fire-engine house, been removed from the unenclosed grounds adjoining the Capitol. Early measures should be taken to determine the extent of these grounds, to embellish them, and to lay out and improve the surrounding streets. If the eastern front of the central portion of the Capitol is not to be extended, the space in front of it should be paved, and the sidewalks flagged.

The portico and railing of the north front of this department have been completed, and the contiguous side-walk suitably flagged. G street, from Seventh to Ninth street, has not been paved. The owners of the greater portion of the property on the north side of it express a preference for a wooden pavement, and I deem it better suited than any other to a thoroughfare bordering upon public offices. Seven thousand dollars in addition to the funds on hand, ($1,775 60,) will be required to meet so much of the expense of this improvement as will be chargeable on the United States.

The improvements of the eastern portion of the City Hall, authorized by Congress, 20th July, 1868, have been completed. An appropriation of $1,000 is necessary for general repairs and the purchase of hot-air furnaces for the court-room. There is an unexpended balance of $300 53.

The appropriations asked for make an aggregate of $112,000, viz: Capitol extension, $75,000; Capitol repairs, $10,000; new dome, $4,000; filling and grading Capitol grounds, $15,000; paving G street from Seventh to Ninth, $7,000; and City Hall, $1,000.

BENEVOLENT INSTITUTIONS.

The whole number of patients in the Government Hospital for the Insane, during the year ending June 30, 1869, was 495; a number greater by 63 than were treated during the previous year; 252 were from the army and navy; 46 were pay patients; 33 died; 72 were discharged as recovered, 12 as improved, and 9 as unimproved; leaving under treatment at that date 369, a number exceeding by 40 that remaining at the same date of the preceding year. Two thousand six hundred and twenty-nine persons, of whom 1,243 were native born, have been treated at the institution since it was opened. The estimate for the support of the institution is $90,500. That sum was appropriated for the purpose during the current year. The Superintendent recommends the erection of an additional building, and the completion of the wall inclosing the original grounds; but, after a full consideration of the subject, I have not felt at liberty to submit an estimate to cover the expense of these improvements.

During the last fiscal year there were treated by the officers of the Columbia Hospital for Women and Lying-in Asylum seven hundred and thirty-nine women, of whom thirty-three were pay patients. Six hundred and forty-nine were restored to health, twenty relieved, two sent to the Insane Asylum, twelve died, and fifty-six remained under treatment. The following are the estimates for the next fiscal year: For subsistence, medicine, salaries, fuel, light and bedding, $15,000; for rent and furniture, $3,000; making an aggregate of $18,000. They are the same in amount as those submitted for the current year. The appropriation, however, was but $10,000, being less by $5,000 than that for the year preceding it. The directors renew their request for the sum of $60,000 for the purchase of a site and the erection of buildings. An appropriation for this purpose was recommended in the two last annual reports of the department, provided that the title of the property, when acquired, be vested in the United States. The expediency of acceding to the request is submitted for consideration. I avail myself of this opportunity to express the earnest desire that the claims of this excellent and well conducted institution upon the bounty of Congress will be cheerfully recognized, and such aid extended as will secure its permanent success, and enable it to bestow more largely its benefactions.

During the last fiscal year thirteen pupils were admitted into the Columbia Institution for the Deaf and Dumb. The number of those now receiving instruction is eighty-two, of whom sixteen are supported by the State of Maryland, three by the city of Baltimore, and eight by their friends; fifty-five are beneficiaries of the United States, of whom twenty-five from the States or Territories are students in the collegiate department. Congress originally provided only for the support and education of indigent deaf mutes who resided in this District, or were the children of persons actually in our military or naval service. Subsequent legislation extended, free of charge, the privileges of the collegiate department to this class of sufferers in the States or Territories. The number is limited to twenty-five, and the directors recommend that it be increased to forty. The appropriation for the maintenance and tuition of pupils during the current year is $45,000, being $13,580 in excess of the estimates therefor. During the last fiscal year the disbursements for support of the institution were $48,548 22, exceeding the receipts by $4,201 47; and at its close there remained of the appropriations for the erection of buildings and the improvement of the grounds the sum of $5,224 70. The directors have furnished the following estimates for the year ending 30th of June, 1871: For the support of the institution, including salaries, incidental expenses, and the maintenance of the beneficiaries of the United States, $40,775; for the completion of the main central building, $94,087; for improvements of the grounds, $5,000—making an aggregate of $139,862; being $94,862 in excess of the appropriation for the current year. The contracts for building, however, were made under the authority of pre-existing law, and every reason is in favor of the speedy completion of the work, so that the institution may enjoy its use. The experiment of giving to deaf mutes more extended instruction than they had previously enjoyed has been eminently successful, and proves that there is no obstacle to their acquiring a full collegiate and scientific education which may not be overcome. A new scope is thus offered to their activity, and fields of employment and ambition opened to them from which they have heretofore appeared to be barred. It may be proper to note the fact that one of the recent graduates of this institution is now doing acceptable work as a second assistant examiner in the Patent Office.

JAIL AND HOUSE OF CORRECTION.

On the 31st ultimo there were 81 prisoners in the custody of the warden of the District jail. During the year preceding that date 1,199 persons were committed; 269 were convicted of various misdemeanors, and 67 sentenced to imprisonment at hard labor in the penitentiary at Albany. The expenses, including the cost of the transportation of prisoners, were $46,187 70.

Provision was made for a new jail. The site therefor, originally adopted, was disapproved. Pursuant to the directions of a joint resolution of March 2, 1867, a new site known as reservation No. 17, was selected and measures taken for the erection of the building. Congress, at the following session ordered the work to be suspended for a specific period. My immediate predecessor in his last annual report, stated his reasons for not resuming the work, and hoped that Congress would take prompt and decisive action in regard to it. There was no additional legislation, and I have declined to proceed until after the attention of Congress should have been called to the subject.

Statutory provision has for several years existed, authorizing the establishing of a reform farm and school for youthful criminals or incorrigible boys within the District of Columbia. A temporary building has been erected, but no school has, until within a very brief period, been opened. The present board of trustees are desirous of making the institution adequate to the necessities of the District, and of organizing it upon the plan known as the family plan, which has produced very gratifying results in several of the States and in some parts of Europe. A careful examination of the work of the principal institutions of this kind will show that no means for the protection of the public from crimes is so efficient as the enforced education of the young offender. The ordinary modes of punishment generally return a more hardened criminal to the community, on the expiration of the sentence. No part of our correctional system has stronger claims or confers greater benefits, upon society, than the reform school. I most cordially recommend such appropriations as may enable the trustees to receive all the youths of the District who may be convicted of offenses, or sent to the school by the proper judicial action, and to give them instruction in agriculture, horticulture, and mechanical trades, as well as the ordinary moral and intellectual training.

METROPOLITAN POLICE.

The members of the Metropolitan Police force actively and efficiently performed their duties during the past year. 17,296 arrests were made, 3,146 of which were females; 10,247 of those arrested were unmarried, and 7,178 could neither read nor write; 6,712 were dismissed, 33 turned over to the military, and 865 committed to jail; 308 gave bail for their appearance at court, 1,644 were sent to the workhouse, and 557 required to enter into bonds to keep the peace. Minor punishments were inflicted in 596 cases. In 6,581 cases fines were assessed amounting to $27,481 30; 4,019 destitute persons were furnished with temporary lodgings; 170 lost children were restored to their homes; and 236 sick and disabled persons were assisted and taken to the hospital. Of the number arrested, 11,235 were charged with offenses committed upon the person, and 6,041 with offenses against property. The detective force made 487 arrests, recovered lost or stolen property to the amount of $12,463 18, and rendered other valuable services.

Attention is invited to the expediency of providing a central office or headquarters for the use of the board and members of the Metropolitan Police force. There is an unexpended balance of about $23,000 of past appropriations for expenses which might be used in the erection of such a building, should Congress sanction the project and provide a suitable site.

There is an urgent necessity for a court in this city for the summary trial of minor offenses. I fully concur in the views presented on this subject in the last annual report of the department, and deem further comment entirely superfluous.

TERRITORIAL PENITENTIARIES.

Proposals have been issued and contracts made for the erection of one wing of the penitentiary in each of the Territories of Colorado and Idaho. More could not be undertaken on account of the limited amount of funds at my disposal, and the exorbitant price of labor and materials. The portions which are now constructing will, it is believed, amply suffice for present wants, and furnish convenient and secure prisons. Should a larger number of cells be hereafter required, Congress can provide them by adding the center buildings, and, if necessary, the other wings, in accordance with the original plans.

The superintendent of construction for the penitentiary in Montana has not concluded a contract for the work. The causes which rendered it impracticable, two years since, to execute the act of Congress touching penitentiaries in the remaining Territories have not been removed.

CIVIL SERVICE.

My predecessor remarked in his report for 1866—"No one, with the most limited experience in an executive department, can, I believe, avoid the conclusion that its efficiency would be largely promoted by a radical change in the organization of its clerical force;" and in that for 1868, "It is my settled opinion, the result of much reflection, and of experience in my present position, that the efficiency of the clerical force would be essentially promoted by thoroughly reorganizing it." He added, "It is hoped that a subject of so much importance to the successful working of the executive departments will receive the consideration it so well merits." I fully concur in the opinions and unite in the hope he expressed. The first measure of reform is to raise the standard of qualification, make merit as tested by the duty performed the sole ground of promotion, and secure to the faithful incumbent the same permanence of employment that is given to officers of the army and navy. Under the present system, the general conviction among the clerks and employes is that the retention of their places depends much more upon the political influence they can command, than upon energy or zeal in the performance of duty. After a careful examination of the subject, I am fully persuaded that the measure I have suggested would have enabled this department to do the work of the past fiscal year, with a corps of clerks one-third less in number than were found necessary. Special knowledge and skill are indispensable for the proper performance of much of the clerical labor of most of the bureaus, and can only be acquired in time and with great labor. An intimate familiarity with the statutes bearing upon the subject under investigation, with the rules and regulations of the department, and with the practice in relation thereto, is necessary for the accurate and rapid transaction of business; yet it is safe to say that, under our present customs, very few clerks are retained in place long enough to learn their duties and perform them with dispatch, and that there is no inducement offered them to make any real effort to that end. An experienced clerk is a repository of the law, the history and the traditions of the department, and may often, by a word or suggestion, expose a fraud, which might otherwise escape unnoticed, indicate an important fact of which there is no record, or in a thousand ways save his superior from imposition or from a long and laborious investigation. Yet such is the singular anomaly of our system, that the very fact that a man had been retained in place during a change of administrations has been commonly held to be a sufficient political reason for demanding his removal. My own conviction is very strong, that the advantages supposed to be gained in this way are as unreal and delusive as the mischiefs are substantial and certain.

The evil does not stop with the increased cost and diminished value of the clerical labor itself. It has given rise to a practice of office seeking, which goes far to prevent the proper performance of their duties by the highest officers of the government. During the first three months after the inauguration of a new President, nearly the whole time of his confidential advisers is occupied by applications for office, and it is impossible, either before or after the ordinary business hours, to get sufficient time for the careful study of the larger duties pertaining to the departments, or of questions of public interest. The devices used by applicants to obtain an audience [illegible] it impossible to discriminate betw[illegible] who have important public busin[illegible] those who have not. T[illegible]ess to trans-relief is to change, entirel[illegible] the only mode of access, which ought to [illegible] mark all officers of this republic, and this, of itself, shows the necessity of a reform.

Theoretically it would seem that the remedy is in the hands of the executive and departmental officers; but practically, the custom has become so firmly established, that members of Congress are forced to yield to the importunity of their constituents, and are unable to get relief except by urging appointments and removals upon the executive departments. Thus public business is most seriously embarrassed and retarded, and changes are sometimes made because, in that way alone, does it seem possible to get room for the ordinary action of the administrative machinery. In this matter, the custom established for forty years has so much the effect of law, that no remedy seems adequate except to give permanence to the subordinate branches of the civil service by legislation, making capacity and integrity the sole tests of the fitness of the applicant, and throwing competition open to all.

If there were no hope for speedy legislative action, I am well aware that this statement would be a useless display of an unpleasant subject; but the fact that public attention is already directed to it, and that measures are pending in Congress, designed to cure the acknowledged evil, seems to make an unreserved declaration of the truth a public duty.

I am, sir, very respectfully, your obedient servant,

J. D. COX, Secretary.

The President.

REPORT
OF THE
SECRETARY OF THE TREASURY

TREASURY DEPARTMENT, December 6, 1869.

I have the honor to submit herewith the annual report of the doings and condition of the Treasury Department. In this report I naturally treat first the matters of administration, and then measures of public policy. The officers in charge of the various bureaus and divisions of the Treasury Department have faithfully performed their duties, and I commend their several reports to the consideration of Congress.

The Treasurer of the United States has prepared an elaborate report, setting forth the present condition of the Treasury, and furnishing a resume of the business of the Treasurer's office from 1861 to the present time. The long and faithful services of the present Treasurer are entitled to the gratitude of the country.

The report of the Commissioner of Internal Revenue is respectfully commended to the attention of Congress. Since the appointment of the present Commissioner, the administration of the office has been constantly improving. The increase of receipts for the first five months of the present fiscal yeer, in the sum of $14,431,333 06 over the amount collected in the first five months of the last fiscal year, is satisfactory testimony to the ability and integrity of the persons employed in that branch of the public service.

The amount paid by warrants for collecting the revenue from customs during the fiscal year ending June 30, 1868, was $6,378,385 43, and for the year ending June 30, 1869, $5,376,738 13, showing a decrease of $1,001,647 30. The decrease in the cost of collecting the revenue has not been attended by any loss of efficiency in the service. On the other hand, it is believed that the means for the detection of smuggling are better than ever before, and that the custom house service is also constantly improving.

It ought to be understood that the chief means of collecting revenue and enforcing the revenue laws must be found in the administration of the Appraiser's department. The frauds and losses arising from actual smuggling are unimportant when compared with the losses sustained through incompetent or dishonest examiners and appraisers. Assuming that honest men may be obtained for these important positions at the present salaries, it is yet true that an incompetent appraiser or examiner may daily subject the Government to losses far exceeding the amount of his salary. Under existing laws certain revenue officers and other persons appearing as informers are entitled to shares in the fines, penalties and forfeitures. During the fiscal year 1868-'69 the Treasury Department distributed the sum of $286,073 61 to such officers and to informers in various cases arising under the custom and revenue laws. A large additional sum was also paid through the Internal Revenue office. The reason on which the laws granting such allowances is based is, that officers of the government are stimulated to greater activity in the discovery of frauds and in bringing offenders to punishment. There can be no doubt that such is the effect of this policy, but the experience I have had in the Treasury Department has convinced me that the evils attending the system are greater than the benefits derived from it. It often occurs that revenue officers are lead to assert claims in behalf of the Government which have no just foundation in law or in the facts of the respective cases, and where real claims exist it is often the object of the informer and officers who share in the penalties, to misrepresent the case to the government so as to

[Continued on Fourth Page.]

The Daily Commercial.

TUESDAY, DECEMBER 7, 1869.

SECRETARY BOUTWELL's Report came to hand at so late an hour that we can only say that in the main in regard to the question of debt and the currency, it agrees with the views of the President as expressed in his message.

THE public will observe that while our contemporaries are publishing meager outlines of the Reports of the heads of Departments, the documents appear at length in the COMMERCIAL. Those published this morning complete the list. To enable us to do this, a little enterprise and some expense were necessary. The thing is easy when one knows how; moreover, it is highly necessary to keep up in the race of journalism.

GEN. GRANT's message is brief and direct. The home affairs of the nation are treated with practical good sense. Immediate resumption of specie payments is declared to be undesirable; and a postponement of a general revision of the tariff and tax laws, a renewal of the Income Tax at three per cent., and the funding of the debt are recommended. In regard to Cuba, the neutrality laws have been strictly observed, notwithstanding the ardent sympathy of our people with the insurgents. The outstanding claims of the United States against Great Britain are referred to in a tone and temper that insure the rights of our country. The remaining topics referred to are treated with thorough intelligence, and the recommendations evince a degree of statesmanship which will command the heartiest approbation of the country.

OUR space barely suffices to give in full the President's message and accompanying reports. Those of Commissioner DELANO and Mr. HULBURD, Comptroller of the Currency (published yesterday), have already been read with the interest which the important questions of Internal Revenue and Banking lend to them. Mr. DELANO favors the retention of the present internal revenue system, including the Income Tax. As a whole, he thinks it serves the purpose and is open to as few objections as any that can be devised. Mr. HULBURD recommends the passage of an act requiting all banks that go into liquidation, to deposit legal tender notes for their outstanding circulation, and to take up their bonds deposited with the Treasurer of the United States as security for such circulation, within sixty days from the date of the vote of the shareholders to go into liquidation. He further says that careful observation and study during the year have confirmed his opinion in the recommendation made a year ago, looking to the establishment of an agency in the city of New York, in the interest of the National Banks owned and controlled by them, for the redemption of all of their issues and for the transaction of all their business, to be known as the Central Redeeming Agency. He advises more stringent provision against paying interest on deposits, and points out clearly the evils of the vicious proceedings known as "call loans." He favors a Free Banking system, as the only one capable of being adjusted to the wants of the country. These views, we think, will be favorably received by the country.

THE Eighteenth Ward of New York, famous for its brawls and political fights, was the scene of a terrible tragedy last Friday, in which Florence Scannel, a well-known ward politician, who rendered himself notorious two years ago as a contumacious witness before the House Committee on Election Frauds, received fatal wounds. Scannel was a candidate for Alderman, and proposed to canvass the ward with the club and pistol. Other candidates for the Democratic nomination adopted the same arguments. Broils were frequent in the fight for the spoils of office. Scannel, accompanied by his brother, who is a Deputy Sheriff, and a gang of adherents entered a saloon occupied by one of his competitors who was surrounded by his friends. Both parties were prepared for the encounter which immediately ensued, and in which the keeper of the saloon, the two Scannels, and a man named Johnson were shot, and several others badly beaten with clubs. Johnson is in a critical condition. Scannel's wounds are necessarily fatal.

THE desire to live beyond one's means is the rock that wrecks modern households. The cashier of a leading firm in Chicago, who was intrusted with the handling of hundreds of thousands of dollars annually, during a period of ten years discharged his duties faithfully. Last February he married, rented a large establishment, and furnished it in elegant style. Window curtains costing $175 a pair, Parian ornaments, and various articles of vertu found their way into the house. From the day of his marriage, the previously modest and exemplary cashier became infatuated with a desire to put on style, particularly in his household appointments. To accomplish his purpose, he resorted to a system of embezzlement, was detected, confessed his guilt, and is now permitted by his former employers to seek new scenes, to start life anew. Comment is unnecessary.

THE people of Canada do not appear to have benefited by the experience of the United States Government in the management of Indian affairs. Just now the New Dominion is suffering from a complication of troubles growing out of their Indian system. It is intimated that inasmuch as the extent of the country, East and West, is greater than that of the United States, and by far the greater part is peopled by Indians. The best way for the New Dominion is to let its Indian territory alone, most severely. If it attempts to maintain authority over that vast reach of country, it will impoverish itself and then fail. Even our Indian wars have taxed us heavily. The Winnepegs may be put down, but they are only one among many. If Canada attempts to govern from New Foundland to Vancouver, some of the irons will burn.

THE departure of negroes from Virginia for the cotton fields of the Gulf States, elicits this comment from the Richmond *Whig*: "As negro labor leaves us let us exert ourselves all the more energetically to attract white labor and capital to come in. The class of immigrants coming here will consist of men of substance with their families, and possessing within themselves the resources of labor. There will, in addition, *for a long time* be a large colored laboring force remain to meet all exigencies. However much we may sentimentally lament the going from us of the negroes, there can be no doubt that their removal will make our State more attractive to Northern emigrants and European white settlers.

MR. JAYNE, the Illinoisan who struck a vein of old bones while digging a well on his farm, appears to have an exaggerated idea of the value of bones. The fact that this particular lot or collection of bones has been termed a skeleton of the *mastodon Americanus* is the ground for a valuation of $50,000. As it is not certain whether they are the bones of a mastodon or those of the behemoth mentioned in Job's essay, it is suggested that Jayne should probe the soil in that region further, in order to secure corroborative evidence that will clinch one conclusion or the other. Fifty thousand dollars for a ton of bones looks like an attempt to force the market.

THE apprehensions existing in some quarters concerning the safety of the iron-clad Dictator will be quieted by the announcement that dispatches have been received at the Navy Department, dated Savannah, Georgia, December 3, announcing that the Dictator left Tybee Sound on the morning of the 2d instant on her way to Key West. She has been detained within the bar by low water for about ten days. The Dictator is convoyed by two tugs, so that if anything serious had occurred information would almost at once have been received at the Navy Department.

THE claims of California to be considered the garden State of the Union appears to be based upon something tangible. A San Francisco writer enumerates the articles growing in one gentleman's garden near that city, in which there were English walnuts, sweet and bitter almonds, two varieties of figs, an acre of blackberries, more than an acre of strawberries, half a dozen each of peaches and plums, an abundance of nectarines, ripening bananas, limes, and oranges, seven or eight varieties of grapes, as many more of pears, and more than could be numbered of apples.

FROM the tone of the Louisville press we conclude that the "Louisville and Chattanooga Grand Trunk Railroad" is a certainty. At a meeting held in Louisville last Friday night for the purpose of discussing the project, addresses were made by Basil Duke, Gov. Bramlette, Lyttleton Coke and a number of prominent citizens of the State, all strongly in favor of prosecuting the enterprise. The speeches were remarkable for their expression of a desire to develope the material resources, the wealth and capacities of the whole continent.

THE Mayor of Chicago has been deprived of the honor of presiding over the Councils of that city, whereupon the Chicago press engage in the discussion of the constitutionality of the act, and the status of the Chief Magistrate. Judging from the arguments advanced by his putative friends, the Mayor was not unlike a bashaw with unlimited number of tails when presiding over the proceedings of Councils. Now he is shorn of that power, he has lost the last of his ornamental appendages.

A STORMY discussion, brought about by the introduction of the Catholic catechism in the schools of San Francisco, Cal., ostensibly after school hours, a Catholic priest having leased the department buildings for that purpose, has just terminated in favor of the Catholics. It is noteworthy that the discussion came up in San Francisco at the same time that the question of excluding the Bible from the schools in Cincinnati was first broached.

REPORT

OF THE

POSTMASTER GENERAL.

POSTOFFICE DEPARTMENT,
WASHINGTON, D. C., November 15, 1869.

SIR: The ordinary revenues for this department for the fiscal year ended June 30, 1869, were $18,344,510 72, and the expenditures $23,698,131 50. For the year ended June 30, 1868, the ordinary revenues were $16,292,600 80, and the expenditures $22,730,592 65. The increase of revenue for the year 1869 over the preceding fiscal year was $2,051,909 92, and the increase of expenditures $967,538 85. The increase of revenue for 1868 over 1867 was $1,055,573 93, and the increase of expenditures for 1868 over 1867 was $3,495,159 19. The ratio of increase of revenue for the year 1869 is 12.59 per cent., and of expenditures 4.25 per cent., compared with receipts and expenditures for the year 1868. The increase of revenue for 1869 is greater than the increase for 1868 by $996,335 99, and the increase of expenditures for 1869 is less than the increase for 1868 by $2,527,570 34. If, therefore, the increase of receipts be compared with the increase of expenditures for the year last ended, it will appear that the increase of receipts exceeded the increase of expenditures in the sum of $1,084,371 07; while a like comparison of the receipts and expenditures for the year 1868 will show an excess in the increase of expenditures over the increase of receipts for that year of $2,439,585 26.

ESTIMATES FOR 1871.

The estimated expenditures for the year ending June 30, 1871, are		$25,581,093
The revenues, estimated at 10 per cent. increase over last year	$20,178,961	
Standing appropriations for free matter	700,000	
		20,878,961
Leaving a deficiency of		4,702,132

The foregoing estimates do not include the following special appropriations in the nature of subsidies:

For mail steamship service between San Francisco, Japan and China	$500,000
For like service between the United States and Brazil	150,000
For like service between San Francisco and Sandwich Islands	75,000
Total	$725,000

Of the deficiency appropriated for the year 1869 there remains unexpended a balance of		$1,500,000 00
Against which there are properly chargeable sundry unliquidated accounts, which cannot exceed the following estimates:		
For balances to foreign countries	$250,000 00	
For mail service under contract and recognized	284,186 35	
For mail service unrecognized	150,000 00	
		684,186 35
Leaving a net balance, after settlement and payment of all liabilities, of		815,813 65

STAMPS AND STAMPED ENVELOPES.

The number of postage stamps issued during the year was 420,896,540, representing	$12,705,229 00
The number of periodical stamps was 150,920, representing	16,318 00
Stamped envelopes, plain, 46,265,750, representing	1,332,862 50
Stamped envelopes, request, 31,814,100, representing	950,726 00
Newspaper wrappers, 3,505,250, representing	71,935 90
The whole number of stamps, envelopes, and newspaper wrappers was 507,722,560, of the aggregate value of	15,078,061 50

The increase thereof is best exhibited by the following table:

Description.	Fiscal year ending June 30, 1868.	Fiscal year ending June 30, 1869.
Postage stamps	$11,736,264 00	$12,705,229 00
Newspaper and periodical stamps	14,750 00	16,318 00
Plain stamped envelopes	1,285,218 00	1,332,862 50
Request stamped envelopes	759,520 00	950,726 00
Newspaper wrappers	67,372 00	71,935 90
Aggregate	$13,863,124 00	$15,078,061 50

Description.	Increase.	Increase per cent.
Postage stamps	$969,956 00	8 26-100
Newspaper and periodical stamps	1,568 00	10 83-100
Plain stamped envelopes	47,644 50	3 70-100
Request stamped envelopes	191,206 00	25 17-100
Newspaper wrappers	4,563 00	6 77-100
Aggregate	$1,214,937 50	8 76-100

The issue of periodical stamps was discontinued by my predecessor about February 1, 1869.

The number of packages of postage stamps lost in the mails during the year was 22, representing $819; and of stamped envelopes 15, representing $259 30, being much less than the losses from like delinquencies in 1868.

CONTRACTS.

There were in the service of the department on the 30th of June, 1869, 7,056 contractors for the transportation of the mails.

Of mail routes in operation there were 8,449, aggregating in length 223,731 miles, in annual transportation 90,723,663 miles, and in annual cost $10,460,561. If the compensation of railway postoffice clerks, route agents, local agents, mail messengers, mail route messengers, and baggage masters in charge of mails, amounting to $1,175,257, be added, the aggregate annual cost will be $11,681,728. This service was divided as follows:

Railroad routes: Length, 39,537 miles; annual transportation, 41,399,284 miles; annual cost, $4,723,680—about 11.41 cents per mile.

Steamboat routes: Length, 20,779 miles; annual transportation, 4,331,011 miles; annual cost, $774,256—about 17.88 cents per mile.

"Celerity, certainty, and security": Length, 163,415 miles; annual transportation, 44,993,368 miles; annual cost, $4,908,286—about 10.9 cents per mile.

There was an increase over the preceding year in length of routes of 6,863 miles; in annual transportation, 6,499,078 miles; and in cost, $155,447. To the last add increased cost for railway postoffice clerks, route, local and other agents, $167,594, and the total increase of cost will be shown to be $323,052.

The foregoing statements of distances and costs do not include service for "special" offices. There were, at the close of the year, 1,902 of these offices, each with a mail carrier, whose pay from the department is not allowed to exceed the net postal yield of the office. "Special" routes and their carriers are included in the number of contractors and routes as given above.

OVERLAND MAIL.

The contract or agreement entered into on the 21st of October, 1868, between the Postoffice Department and Messrs. Wells, Fargo & Co., for the transportation of the United States mails between the western terminus of the Union Pacific Railroad and the eastern terminus of the Central Pacific, for the term of one year from October 1, 1868, or until the two railroads should meet, at the rate of $1,750,000 per annum, subject to deduction *pro rata* for every section of fifty miles of railroad completed and reported to the department ready to carry the mails, expired on the 9th of May, 1869, railroads having effected a junction and reported ready to carry mails through on the 10th. When the contract was entered into, it was estimated that the junction would not be formed before the 1st of July, it being supposed that the severity of the weather would compel a suspension of work on the railroads during the months of January, February and March; and it was further estimated that the cost of the mail service under Wells, Fargo & Co.'s contract would amount to $670,144. The weather proving unusually mild, however, and the progress of the roads being uninterrupted, their completion was accelerated nearly three months, and hence the cost of the service under the contract with Wells, Fargo & Co. was reduced $214,[illegible] 36 below the estimate. The amount actually paid to them for the whole period from 1st of October, 1868, to 9th May, 1869, inclusive, (221 days in all,) after making deductions for completed sections, was $455,[illegible] 94.

The temporary contract entered into on 31st October, 1868, with the same parties, at $79,000 per annum, for that division of the overland mail route extending from the terminus of the Kansas Pacific Railway to Denver, numbered 14,167 and known as the "Smoky Hill route," expired by limitation on the 30th June 1869. The route had been curtailed in the meantime so as to commence at Cheyenne Wells, being coincident that far with the daily route to Santa Fe, and $14,149 deducted from the annual pay, for thirty-six miles decrease, reducing the pay to $64,851 per annum. The route as thus curtailed, and numbered 17,034, was advertised under date of January 6, 1869, to be let from 1st July then next, the department offering to receive proposals until the 7th April and to decide thereon by the 14th of the same month. Under this advertisement several bids were submitted, the lowest being $34,800 per annum. It appearing, however, from the specific reports of post masters, that the mail matter conveyed over the route had become inconsiderable, owing to the transmission of the principal mails for Denver over the Union Pacific Railroad, after its completion, via Cheyenne City, and that there were no postoffices whatever between Cheyenne Wells and Denver on route 17,034, the continuance of the service was not deemed to be of sufficient importance to justify the expense it would involve, and the route was consequently left out of operation from 30th June, 1869.

The contract made on the 28th of October, 1868, with Wells, Fargo & Co., to carry the mails for one year from October 1, 1868, on route 17,035, from Cheyenne City to Denver, one hundred and two miles, and back, daily, at $9,976 50 per annum, expired on the 30th of September, 1869, and the route was re-let from October 1st, under the above mentioned advertisement of January 6th, to the same parties, they being the lowest bidders, at $4,640 per annum. This is all that remains of the old overland mail service, and this will doubtless be superseded in a few months, a railroad between Cheyenne City and Denver being now in rapid course of construction.

READJUSTMENT OF PAY ON RAILROAD ROUTES.

In anticipation of the close of the contract term in the New England States and the State of New York, and with a view to obtain data upon which to base the readjustment of the rates of pay for the transportation of mails on railroad routes in those States for the new term commencing July 1, 1869, circulars were sent out February last to the proprietors of all such routes, requesting them to weigh the mails they conveyed for thirty days from the 1st March, and report the result to the department, and to furnish, also, descriptions of the accommodations provided for mails and agents, together with statements showing the number of times per week the mails were conveyed in each direction. The information obtained in answer to this call is comprised in table E of the report of the Second Assistant Postmaster General, hereto appended, in which there are also embraced returns from a number of routes in other States, made at various times since the publication of a similar table in the annual report for 1867. It is the purpose of the department in the future to make a similar call upon the proprietors of railroad routes near the close of the contract term in each of the four contract sections into which the country is divided, so that the readjustment of pay in every case may be made upon new and corrected returns.

The rates heretofore paid for railroad mail service in New England and New York have been carefully compared with the returns just received from those States; and in every instance in which the amount and character of the service have been found to be clearly insufficient to justify the rate allowed, a commensurate deduction has been made. On the other hand, whenever a demand for increased pay has been made which the returns appeared to warrant, such increase has been allowed. Changes have thus been made in the rates of pay on more than fifty railroad routes in that section, comprising over one-third of the whole number. These roads have been classified, and their pay readjusted and established, in strict conformity with the conditions prescribed by law, to-wit: "The size of the mails, the speed with which they are conveyed, and the importance of the service." The details of this classification and readjustment appear in table F of the report of the Second Assistant, also hereto appended, which embraces also a number of routes in other States on which changes have been made, on application by the proprietors of the several roads, at different times, since the preparation of the last annual report. On all of these routes together, 78 in number, the former annual pay amounted to $742,852 61. The annual pay, as readjusted, now amounts to $802,7[illegible] 56, showing an excess of the present over the former amount of annual pay of $60,[illegible] 95.

In these tables, (E and F,) as in similar ones heretofore published, the routes are arranged, not by States, but according to the rate of pay per mile per annum, the highest being first. Each is accompanied by an alphabetical index, for easy reference.

Great complaints have been made by some of the principal railroad companies in relation to the alleged inadequacy of their compensation for carrying the mails. They assert that the rates of their pay were fixed by the act of 3d March, 1845, and have remained unchanged for nearly twenty-five years; and that although the pay thus established was, at the time of the act, just and ample, it now falls short of what they are fairly entitled to. It cannot be denied that, since the passage of the act of 1845, important changes have taken place, the most conspicuous of which are the following: A large increase in the quantity and weight of mail matter; an additional number of trips per day to meet the necessities of the service; and the introduction of railway post offices, requiring much heavier and more expensive mail cars. These have imposed additional duties upon the railroads constituting the great trunk lines, and have largely increased their expenses. In justice to this class of roads, I respectfully recommend a careful revision and readjustment by Congress of railroad compensation, and the establishment of such rates as will be just and equitable to all concerned.

POST ROUTE MAPS.

During the past year, the preparation and publication of the series of post route maps of the United States have been continued, under the supervision of the Topographer of the Department.

The map, in four sheets, of the States of Pennsylvania, New Jersey, Delaware and Maryland, and of the District of Columbia, having been completed, copies are now being furnished to such postmasters and other agents of the department as the interests of the service require.

The map of the State of Maine, which embraces portions of New Hampshire and the Dominion of Canada, and one sheet of the double sheet maps of the States of Ohio and Indiana, are nearly finished, and will be ready for issue during the coming winter.

The drawings for a double sheet map of the States of Michigan and Wisconsin have been placed in the hands of the engraver to be completed next summer. To continue the series as projected, there come next in order the States of Illinois, Iowa, Missouri and Minnesota.

With a view to the future construction of accurate post route maps of the States of Kentucky, Tennessee, Virginia, West Virginia, North Carolina, South Carolina, Georgia and Texas, which have not been covered by the rectangular system of land survey of the general Government, nor by sufficiently precise and reliable surveys by the State or local authorities, the Topographer suggests that some provision be made beforehand for the determination of the exact position on the earth's surface of, at least, the most important points in these States; and he inquires whether, in case the States themselves should continue indifferent to the subject, an accurate survey could not be undertaken under the joint direction of the engineer officers of the army and the astronomers of the Coast Survey, and of some of the standard observatories. The subject is worthy of careful consideration.

FINES AND DEDUCTIONS.

The amount of fines imposed on contractors, and deductions made from their pay, on account of failures and other delinquencies, during the last year, was $94,193 81; and the amount remitted was $43,950 99, leaving the net amount $50,242 82.

MAIL BAGS, LOCKS AND KEYS.

The number, description, and cost of mail bags, locks and keys, purchased during the year, will appear in detail by reference to a table annexed. The amount expended for new mail bags of all kinds was $89,420, or $31,403 13 more than the amount expended the preceding year. The cost of mail-bag catchers, recently introduced into the service, for delivering and receiving mails from and on railway trains at full speed, was $1,900. This amount does not appear in the table last mentioned, but is included in the item of mail bags.

THROUGH MAILS.

Since the completion of the railroad line to the Pacific, arrangements have been made to have records kept showing the time occupied in the transit of mails from Washington, New York, Boston, Chicago, Cincinnati, and St. Louis to Denver City, Salt Lake City, Sacramento City, and San Francisco, and back. The appendix contains a copy of the circular giving the necessary instructions to postmasters and others. The records of arrivals on the Atlantic side during the month of October have reached the department. They show that mails are carried through from San Francisco to Washington in 6 days, 23 hours, and 15 minutes; to New York, in 6 days, 15 hours, and 20 minutes; to Boston, in 7 days, 4 hours; to Chicago, in 5 days, 7 hours, and 31 minutes; to Cincinnati, in 5 days, 22 hours, and 30 minutes; and to St. Louis, in 5 days, 1 hour and 30 minutes. The above figures show the time of the shortest trips. The average time was: to Washington, 7 days, 7 hours, and 11 minutes; to New York, 7 days, 2 hours, and 23 minutes; to Boston, 7 days, 19 hours, and 25 minutes; to Chicago, 5 days, 14 hours, and 55 minutes; to Cincinnati, 6 days, 8 hours, and 32 minutes; and to St. Louis, 5 days, 16 hours, and 23 minutes. Compared with the time from San Francisco, the time from Sacramento City is 6 hours and 20 minutes less; from Promontory, 2 days and 10 minutes less; from Salt Lake City, 2 days and 9 hours less; from Denver City, 1 day, 23 hours, and 30 minutes less; and from Omaha City, 4 days, 7 hours, and 30 minutes less—Salt Lake City being distant from the railroad 29 miles, and Denver City 102 miles. Under the old overland mail contracts, the time from the Missouri river to Folsom City, 23 miles east of Sacramento City, was 16 days from April 1 to December 1, and 20 days for the remainder of the year.

Mails have been transmitted twice a day each way between New York and New Orleans since the 1st of March last, once over the *Southwestern route, via* Louisville, Ky., and Humboldt, Tenn. By the latter route a portion of the trips have been made in shorter time than by the former, the shortest being 78 hours and 30 minutes going south, and 76 hours and 15 minutes going north, while the shortest by the former was 84 hours and 35 minutes going south, and 85 hours and 20 minutes going north. Greater regularity exists on the *Southwestern route*, however, on which the average time from March to September, inclusive, was 89 hours and 29 minutes going south, and 91 hours and 59 minutes going north; while the average on the *Western route* for the same period was 92 hours and 13 minutes going south, and 90 hours and 14 minutes going north. Taking both directions together, there were carried through, from March to September, inclusive, on the *Southwestern route*, 429 mails, at an average speed of 90 hours and 14 minutes; and on the *Western route*, 358 mails, at an average speed of 91 hours and 18 minutes. By comparison with the through mail tables in the last annual report, it will be seen that the average time on both these routes is sensibly improved.

A greater expedition has recently been obtained between New York and Chicago, one of the three daily trips over the Allentown route (via Pittsburgh) being made in less than 31 hours each way.

SPECIAL AGENTS.

The number of special agents in the employ of the department during the last fiscal year was forty-eight, at an aggregate compensation of $132,342. Under the impression that this force was excessive, Congress, in the appropriation act for the current year, appropriated $100,000 "for detecting and preventing mail depredations, and for special agents," and then restricted the action of the department by declaring that "no greater sum shall be paid special agents than is hereby provided." The department, desiring to conform to the law, and at the same time to render the force of special agents as efficient as possible, deemed it necessary to reorganize this branch of the service. The following plan was adopted and promulgated, to take effect July 1, 1869, viz:

The Union is divided into six divisions, which are subdivided into districts.

To each of *five* of these divisions is assigned one special agent, with the designation of "*Assistant Superintendent of Railway Mail Service.*"

These six divisions are as follows:

I. Maine, New Hampshire, Vermont, Massachusetts, Rhode Island, and Connecticut.

II. New York, Pennsylvania, New Jersey, Delaware, Maryland, and the Eastern Shore of Virginia.

III. Virginia, (excluding the Eastern Shore,) North Carolina, South Carolina, Georgia, Florida, Alabama, and Mississippi.

IV. Ohio, West Virginia, Michigan, (excluding the upper peninsula,) Indiana, Kentucky, and Tennessee.

V. Illinois, Iowa, Missouri, Arkansas, Minnesota, Wisconsin, and the upper peninsula of Michigan.

VI. Embraces all that territory west of the 90th meridian, and Louisiana.

The districts of these six divisions are as follows:

First Division.—First district, Maine, New Hampshire, and Vermont; second district, Massachusetts, Rhode Island, and Connecticut.

Second Division.—First district, New York; second district, Pennsylvania; third district, New Jersey, Delaware, Maryland, and the Eastern Shore of Virginia.

Third Division.—First district, Virginia (excluding the Eastern Shore) and North Carolina; second district, South Carolina, Georgia and Florida; third district, Alabama and Mississippi.

Fourth Division.—First district, Ohio and West Virginia; second district, Indiana and Michigan (excluding the upper Peninsula; third district, Kentucky and Tennessee.

Fifth Division.—First district, Illinois and Iowa; second district, Minnesota, Wisconsin and the upper Peninsula of Michigan; third district, Missouri and Arkansas.

Sixth Division.—First district, Nebraska, Kansas and Dakota; second district, Colorado, New Mexico and Arizona; third district, Utah, Wyoming, Montana, and Idaho; fourth district, California and Nevada; fifth district, Oregon and Washington; sixth district, Louisiana and Texas.

To each of the districts in the first five divisions is assigned one special agent with the designation of "*Post Office Inspector.*"

And to each of the districts in the sixth division is assigned one special agent, without any designation other than that in the original text of his letter of appointment.

It will be observed that the foregoing arrangement divides the force in manner following: Five assistant superintendents of railway mail service, charged with the supervision of the transportation of the mails; fourteen inspectors, authorized to inquire into the management and expenditures of postoffices; and six agents with general powers in the sixth division. In addition to the foregoing, the department has in its service one agent engaged on the free delivery, one agent on the money-order system, and eight agents in detecting and preventing mail depredations; making in all thirty five men, all of whom are under the general direction of a Superintendent of Railway Mail Service, appointed under the act of March 3, 1865, section 5. By this division of labor it is believed that much more satisfactory results will be attained. But as the field of operations of these officers has been much enlarged, and their duties made more specific and exacting, it is respectfully submitted that the amount of the appropriation for the current year is too small to meet the wants of the service. It is therefore recommended either that the appropriation be increased to $125,000 per annum, or that the department be permitted to charge the expense of the five "Assistant Superintendents of Railway Mail Service" to the transportation fund, and expense of the special agents in charge of the free delivery and of the money order system to the account of the free delivery and money order system, respectively. It is further submitted that a sum should be placed at the disposal of the department to defray the expenses of such temporary special agents as the extraordinary emergencies of the service may demand.

RAILWAY POST OFFICES.

On the 30th of June last, there were in operation thirty-seven lines of railway post offices, extending in the aggregate over 7,291 miles of railroad and steamboat lines—being an increase of three lines and 182 miles of service over the year 1868. The number of clerks employed during the last year was 324, at an annual cost of $384,300. During the previous year, the number of clerks employed was 297, and the amount expended in compensation $329,700. No increase was made during the last year in the twice daily service, except by interchangeable pouches between the principal post offices and between the several lines. The railway post office, by reason of the additional facilities it affords in mailing important letters up to the moment of the departure of the trains, and in receiving, assorting, and distributing the mails during their transit, thus saving many hours, and in some instances days, in the communication between important points, has become an essential part of the service. It is fact indispensable, and, as the population and wealth of the country shall increase, it will be necessary to extend it to keep pace with the wants and demands of the people.

A list of railway postoffice lines in operation on the 30th June, 1869, is appended hereto.

FOREIGN MAIL SERVICE.

The total number of letters passing between the United States and foreign countries (Canada excepted) during the last year was 12,595,651, of which 6,638,858 were sent from, and 5,957,793 received in, the United States. The increase over the number exchanged in 1868 is 1,468,122. Estimating the number exchanged with the dominion of Canada, of which no accurate account is reported, at 3,000,000, the whole number of letters exchanged in the mails with foreign countries exceeded 15,590,000. The total postage on letters exchanged with foreign countries, estimating the postage on letters to and from Canada at $850,000, amounted to $2,014,183 15.

The aggregate amount of postage, inland, sea and foreign, upon the letter correspondence exchanged with Great Britain and other European countries, during the year 1869, was $1,560,775 05, being $202,694 71 less than the postage receipts of the previous fiscal year. The number of letters (single rates) exchanged in the mails with the same countries was 11,428,851, an increase of 1,359,892 over the number exchanged in the previous year. Notwithstanding the recent reductions of postage to all the countries of Europe, except France, amounting in most instances to fifty per cent., the increased correspondence has produced a revenue only twelve per cent. less than that derived from the higher rates of the preceding year.

The postages upon letters sent to European countries exceeded the postages upon letters received from Europe in the sum of $44,965 13, the excess of letters sent being about six per cent. This very small excess of postage on correspondence sent over that on correspondence received, is a convincing argument in favor of simplifying our postal arrangements with other countries by dispensing with the present complicated and expensive international postage accounts. This can be readily accomplished by adopting the rule of compulsory prepayment of postage, and by providing (upon the general principle, now well established, that every letter brings a reply) that the postages collected on all international correspondence shall belong wholly to the dispatching office; that no charge whatever shall be made at the office of destination in the country wherein the correspondence may be delivered; and that in all cases the dispatching office shall defray the expense of intermediate transmission. The inconsiderable pecuniary disadvantages which might result to either post department under the practical working of such a system would be more than compensated by the convenience of the arrangement and the abolition of intricate and vexatious accounts. This principle has already been adopted in the conventions with some of the countries with which the United States has direct postal relations, and it is hoped that the post department of others will also see the propriety of adopting it, as a means of simplifying and promoting international postal exchanges.

The excess of collections in the United States over the postages collected in Europe upon the letter correspondence exchanged with Great Britain, the North German Union, France, Belgium, the Netherlands, Switzerland, and Italy, was $374,921 85, sixty-two per cent. of the entire international postage charges having been collected in this country. This result is owing, mainly, to a failure to prepay postages abroad. The excess of like collections during the previous year was $474,029 30. These excessive collections of postage in the United States cause heavy balances against this department on settlement of the quarterly accounts with the respective foreign post departments. During the last fiscal year the aggregate of such balances amounted to $185,386 07.

The steamship lines employed by this department in the transportation of the mails to Great Britain and the continent of Europe performed four weekly services from New York, a weekly service from Quebec in summer and Portland in winter, and three outward trips from Baltimore, receiving as compensation the sea postages on the mails conveyed.

The earnings of the respective lines amounted to the sum of $336,207 49, as follows:

The North German Lloyd line, for fifty-two trips from New York to Southampton	$80,432 71
The Cunard line, for fifty-two trips from New York to Queenstown	71,578 08
The Hamburg-American Company, for fifty-two trips to Southampton, &c. (estimating fourth quarter at $20,000)	103,839 10
The Inman line, for fifty-two trips from New York to Queenstown	74,563 32
The Canadian line, for fifty-two trips to Liverpool	5,751 03
The Baltimore and Liverpool Steamship Company, for three trips from Baltimore to Liverpool	44 25
Making a total of	$336,207 49

The cost of the United States transatlantic mail steamship service for the fiscal year 1867 was $551,338 01; and for the year 1868, $421,774 44—the reduced rates of sea postage established by the present postal convention with Great Britain having been in operation during the last six months of the year 1868.

The United States postages on the mails conveyed to and from the West Indies amounted to $88,984 24, and the compensation paid for their transportation was $69,862 09.

There was also paid to the owners of steamships conveying mails to and from Central America, Mexico, Nova Scotia, &c., under the provisions of the general law limiting the compensation to the postages, the sum of $12,272 20, making an aggregate expenditure for ocean mail transportation under the general law of $418,341 78. Adding the special appropriations for the mail steamship service to Japan and China, to Brazil, and to the Hawaiian Islands, which amount to $725,000, the total cost of the United States ocean mail service for the year 1869 was $1,143,341 78. The tabular statements in the appendix furnish detailed information of the operations of the foreign mail service during the year.

The appointments of government agents in charge of the United States mails on board of the mail steamers plying between San Francisco, Japan and China, and between San Francisco and Honolulu, were revoked in the month of April last, and notice was given to the respective steamship companies that thenceforth they would be required to securely transport and safely deliver the mails at each terminal and intermediate port according to the stipulations of their contracts. As the employment of mail agents on board of these steamers appeared to be of little practical benefit, I considered it my duty to discontinue their services. The duties which they discharged are now performed without charge by the pursers of the steamers.

I have not considered it expedient, in the present condition of the service, to establish a general postal agency at Shanghai, with branch agencies at other ports in China and Japan, as authorized by the 7th section of the act of July 27, 1868. The United States consuls at Shanghai and Kanagawa still continue to act, with the consent of the Department of State, as resident mail agents at those ports, in connection with their consular duties.

Regular monthly trips have been performed, according to contract, on the United States steamship routes between New York and Rio de Janeiro, (Brazil,) and between San Francisco and Honolulu.

Eleven round trips were performed during the year by the steamers of the Japan and China line, the regular monthly service required by law having been commenced in the month of August, 1868, and subsequently maintained without interruption. The attention of Congress was called by my predecessor, in his last annual report, to the expediency of providing for an increase of service on this line on the completion of the Pacific railway across our continent. This great national highway has been opened during the last year to the Pacific Ocean, placing San Francisco in direct, speedy and certain communication by rail with the commercial cities of the Atlantic seaboard; and the period is not distant when our rapidly increasing commerce with Japan and China will require the employment of additional steamers on this route. The question of providing for an increase of mail service to semi-monthly, on such terms as will, under the circumstances, be just, as well to the contractors as to the government, is respectfully submitted to the discretion of Congress.

The necessity of some legislation to encourage the re-establishment of American lines of transatlantic steamers is apparent from the fact that, of the many lines of steamships now profitably employed in the carrying trade between this country and Europe, there is not one steamer bearing the American flag. It is humiliating to our national pride to find not only that our vast commerce with Europe is monopolized by foreign steamship lines, but that even the mails we send abroad have to be transported under the protection of foreign governments.

The experience of the last few years clearly demonstrates that sailing vessels can no longer successfully compete in the carrying trade of the world with vessels propelled by steam. This fact admitted, it follows that some legislation is required to encourage American ocean steam navigation, and to revive the great maritime interests of the country. The subject occupied the attention of Congress at the last session; but the multiplicity of steamship projects presented, and the rivalry of opposing interests seeking government aid, prevented any appropriate action.

Propositions have been made to this department by parties represented as responsible and experienced in ocean steam navigation to contract for the conveyance of the United States mails to European ports by American steamships of the first class and of equal speed to the fastest steamers carrying the mails, at a compensation limited to the amount of sea postage, upon condition that the department should bind itself for a long term of years, *subject to the approval of Congress*; and some have offered in this connection to fix the rate of sea postage at two cents per half ounce. But, as the general law relating to contracts for carrying the mails on the seas expressly limits the authority of the department to a term not exceeding two years, I have declined all proposals to contract for a longer time, not desiring in any manner to forestall the action of Congress upon a subject of so much importance.

If it be possible, I should greatly prefer such legislation by Congress as would so far revive and encourage our own ship-building interests as to enable American builders and mechanics to enter into active competition and in the construction and equipment of steam vessels which the builders and mechanics of other countries. If, however, it should be decided that this cannot be done, then I would respectfully suggest the propriety of so modifying our navigation laws as to authorize the issuing of American registers to such foreign-built steamers as may be purchased and employed by citizens of the United States under contracts with this department in the transportation of foreign mails.

Should either of these recommendations be adopted, and authority given to the Postmaster General to contract for the conveyance of mails by sea for a term of ten or fifteen years, at a compensation not to exceed the ocean postages, it is believed that lines of first-class American steamers would be speedily established for the conveyance of our mails and freights across the Atlantic, and that thereby great benefits would inure to the commercial and other interests of the United States.

An additional article to our postal conventions with Switzerland and Italy, respectively, has been executed, which modifies the rule of accounting on unpaid and insufficiently prepaid correspondence exchanged in the mails with each of those countries. Copies thereof are annexed.

The efforts of this department to conclude a postal convention with Brazil, regulating the reciprocal exchange of correspondence with that empire by means of the subsidized line of mail steamships plying between New York and Rio de Janeiro, have not been attended with the success anticipated. A modified *project* of articles has recently been submitted by this department, through the Department of State, which it is hoped will be accepted by the government of Brazil.

A proposition is under consideration for a postal convention establishing a direct exchange of correspondence between the United States and the Argentine Republic.

Preliminary steps have also been taken towards a direct postal arrangement with Denmark, including Sweden and Norway, with the purpose of reducing the existing postage rates on correspondence exchanged between the United States and those countries.

The present postal convention between the United States and France was concluded on March 2, 1857. It establishes a combined rate of international postage at fifteen cents per quarter ounce, equal to thirty cents per half ounce, a higher rate than is charged upon correspondence between the United States and any other civilized nation with which we are in direct communication. It is incomplete in that it makes no provision for the exchange of mailable articles other than letters. It adopts an exceptional standard weight of one-quarter ounce for the single rate of letters, differing from the uniform standard of one-half ounce established with all other countries of Europe. In its details and practical operation it is very unequal, giving unfair advantages to the French post department, and fails utterly to meet the advanced opinions of the times in regard to international postal intercourse, and to afford the public benefits that postal conventions are intended to secure.

The necessity of a revision of this convention on a more liberal basis was made known to the general post department of France in December, 1866; and on the 4th of February, 1867, official intelligence was communicated by the French Minister, M. Berthemy, through the Department of State, that the government of the Emperor was also of the belief that a new convention would be of advantage to the two countries, accompanied with the request that a special delegate or employee of the American postoffice should be sent to Paris with complete instructions to confer with the Director General of the French Posts upon the conditions of agreement between the two post departments. This invitation was promptly accepted, and Hon. John Kasson was appointed on the 5th April, 1867, a special commissioner on behalf of this department to proceed to Paris, and there negotiate and arrange the conditions of a more liberal postal convention, subject to the approval of the Postmaster General of the United States. Mr. Kasson left immediately for Paris, and entered upon the negotiations intrusted to him. He remained in that city several months, laboring faithfully and perseveringly to accomplish the object of his mission, but failed to obtain any amelioration of our postal relations with France, although he succeeded, during the same visit to Europe, in negotiating liberal postal conventions, establishing greatly reduced postage rates with Great Britain, the North German Union, Belgium, the Netherlands, Switzerland and Italy.

The apparent unwillingness of the French post department to modify the provisions of the present convention in conformity with the more liberal principles adopted in our postal intercourse with other countries in Europe induced my predecessor, on the 8th of January, 1868, to give the required notice to terminate that convention on the 1st February, 1869, and at the same time to request the French post department to send an agent to Washington authorized to enter upon the negotiation of a new convention. The invitation was declined by the French administration. Afterwards the French office, the duration of the convention was prolonged until the 1st of April, 1869.

Soon after assuming charge of the department, I learned that no progress had been made in adjusting the basis of a new convention, and that, unless a second extension could be had, the subsisting convention would expire before any further action could be taken for its reformation. Impelled by an earnest desire to maintain our direct postal relations with France on an improved basis of liberality, mutually advantageous to the public of both countries, I proposed to the French office, under date of March 10th, to further prolong the duration of the present convention until January 1st, 1870. A letter from the French Director General of Posts, dated March 3d, making the same proposition, crossed my own in transit, and was received at this department on the 14th of the same month. A second extension having been thus effected, I immediately reopened negotiations. Being fully satisfied, from an exchange of letters, that there was no prospect of harmonizing the conflicting views and propositions of the two departments through the ordinary medium of epistolary correspondence, I decided to make another effort to adjust the points of disagreement by direct personal negotiations at Paris. I very fortunately had it in my power to avail myself of the services of Hon. Alexander Ramsey, chairman of the Senate Committee on Postoffices and Post Roads, who, at my solicitation, consented to undertake these difficult negotiations. He was accordingly designated a special commissioner on behalf of this department to negotiate with the general postoffice at Paris the basis of a new postal convention with France.

Governor Ramsey arrived in Paris on the 23d of July, 1869, and immediately entered upon the important duties intrusted to him. Since that date several proposals and counter proposals have been submitted and considered, personal interviews had with the French Director General of the Posts and the Minister of Finance, for mutual interchange of opinions and explanations, and yet no progress has been made towards the conclusion of a new convention, on account of the persistent adherence of the French postal administration to impossible propositions and conditions, so illiberal and unjust toward the United States that considerations of national self-respect would alone forbid their acceptance by this department. The negotiations of Gov. Ramsey at Paris, which have been conducted with great ability, patience, and perseverance on his part, have, I regret to state, been terminated, after three months' efforts, without any reasonable hope of an agreement on the leading provisions of the proposed new arrangement; and it seems probable, therefore, that our direct postal relations with France will cease on the 1st of January next.

Passing without comment other unreasonable and illiberal propositions, the following may be mentioned as among the impossible conditions persistently insisted upon by the French post department:

First. That France shall have *a double share* of the interior rates of postage—a demand so extraordinary and so manifestly unjust as to require no argument to demonstrate its unfairness, in view of the well known fact that the expense of our interior service is not only greater than that of France, but its extent vastly larger, embracing a territory (exclusive of Alaska) fourteen times greater than that of France.

Second. That the United States shall establish a line of mail packets between New York and Brest for the performance of a regular semi-monthly service similar to the service performed by the subsidized line of French packets between these ports, or else pay the entire expense of the sea and British inland transportation of all mails conveyed by way of England, which constitute at present more than four-fifths of the entire correspondence exchanged with France.

A postal convention has been concluded with Great Britain, establishing a reciprocal exchange of correspondence between the United States and the colony of British Honduras, a copy of which is annexed.

The provisions of our postal convention with the colony of Hong Kong have been extended to book packets, subject to the same conditions as newspapers and prices-current, and to the regulations governing the transmission of book packets between this country and the United Kingdom.

Negotiations have also been opened with the British post department for a further reduction of the international letter postage between the United States and Great Britain. The existing postal convention with Great Britain, which went into operation on the 1st January, 1868, established a reduced international letter rate of sixpence (twelve cents), and provided that the question of a further reduction should be considered at the expiration of twelve months from that date. Agreeing with the very general expression of opinion on both sides of the Atlantic in favor of the establishment of ocean penny postage between the two countries, I made a proposal, under date of 8th October last, to the general postoffice in London, to further reduce the postage on letters to threepence (six cents) on the 1st January, 1870, of which one penny (two cents) should be the sea postage, and one penny (two cents) the inland postage of each country. Intelligence has lately been communicated by the British Minister, through the Department of State, of the readiness of the British Government to reduce the single rate of postage for prepaid letters to the sum above mentioned. It may, therefore, be safely announced that this important measure, so long and so earnestly desired by the people of the United States and the United Kingdom, as a means of further promoting their mutual prosperity and happiness, has been virtually accomplished.

The contrast between the policies of the postal administrations of Great Britain and France is most striking. Considering the probabilities of the future, I cannot refrain from an expression, on the other hand, of my great satisfaction that, on the 1st January next, the people of the United States and Great Britain will be enabled to enjoy more cordial and intimate relations by means of their enlarged postal facilities, and, on the other, of my profound regret that, on the same day, all direct postal communication between the United States and France will cease, because of the unwillingness of the latter to unite in any arrangement that will afford equal facilities and reciprocal advantages to both contracting parties, and at the same time keep pace with the liberal sentiments of the day in relation to postal intercourse between enterprising and enlightened nations.

APPOINTMENTS.

The report of the appointment office shows the following:

Number of postoffices established during the year	1,653
Number discontinued	1,028
Increase	625
Number in operation on June 30, 1868	26,481
Number in operation on June 30, 1869	27,106
Number of offices to be filled by appointments of the President	980
Number to be filled by appointments of the Postmaster General	26,126

Appointments were made during the year:

On resignations	3,994
On removals	2,691
On changes of names and sites	166
On deaths of postmasters	230
On establishment of new offices	1,653
Total appointments	8,734
Number of cases acted upon during the year	9,996

The number and aggregate compensation of special agents, route agents, mail route messengers, postal railway clerks, local agents, and baggage masters in service during the year ended June 30, 1869, were:

48 special agents	$134,342
503 route agents	494,160
74 mail route messengers	40,350
324 postal railway clerks	384,300
67 local agents	45,090
161 baggage masters	9,630
Total	1,107,902

Full particulars of the operations of the appointment office are exhibited in the appendix.

FREE DELIVERY.

The free delivery system has been in operation during the year in forty-eight of the principal cities, with the following aggregate results:

Number of letter carriers	1,248
Mail letters delivered	80,071,051
Local letters delivered	13,280,627
Newspapers delivered	21,951,898
Letters collected	89,885,009
Amount paid carriers, including incidental expenses	$1,183,915 31
Postage on local matter	666,167 42

This shows an increase over last year of

Letter carriers	48
Mail letters delivered	15,730,566
Local letters delivered	4,298,721
Newspapers delivered	5,044,183
Letters collected	26,720,381
Amount paid carriers, including incidental expenses	$187,980 72
Postage on local matter	180,185 06

The free delivery system, though rapidly improving, has not attained such a degree of efficiency as to command the universal confidence of the public. Much can yet be done to promote the celerity and precision of the collection and delivery of mail matter, and thereby commend it to popular favor. For some time to come, the attention of the department should be directed to the attainment of more thorough organization and more satisfactory results in the cities wherein the system has already been established, rather than in seeking its further extension.

DEAD LETTERS.

The number of the several classes of letters, domestic and foreign, received at the dead letter office during the last fiscal year was as follows:

Domestic letters, classed as—

Ordinary	2,837,472
Drop	480,003
Unmailable	331,981
Hotel	26,528
Fictitious	17,417
Registered	3,672
Returned from foreign countries	62,603
Total domestic letters	3,759,676
Foreign letters	193,186
Whole number	3,952,862

Of domestic letters, 18,227 contained money amounting to $94,710 95, in sums of one dollar and upwards. Of these, 16,187, containing $82,570 90, were delivered to the writers or persons addressed, and 2,040, containing $12,140 05, were filed for reclamation by the owners or were outstanding. The number inclosing sums less than one dollar was 14,323, containing $3,472 77, of which 11,566, containing $2,788 29, were delivered to the writers, and 2,757, containing $684 48, were filed for reclamation by the owners.

The number of letters containing bank checks, drafts, deeds, &c., was 16,925, of the nominal value of $3,011,354 71, of which 15,286, of the nominal value of $2,799,114 51, were delivered to the owners, and 1,639, of the nominal value of $212,240 20, were outstanding or were filed for reclamation.

The number of letters and packages containing jewelry, books, and other property was 9,071, of which 6,337 were delivered and 2,734 were filed for reclamation. The number containing photographs, postage stamps, and articles of small value was 114,185, of which 103,529 were delivered and 10,656 were filed for reclamation or destroyed.

The number of letters classed as ordinary domestic, without inclosures, remailed to the writers, was 2,398,252, of which 2,003,524 were delivered and 394,728 were returned to the office and destroyed. The number of letters not signed by the writers, illegible, or containing circulars, &c., and consequently destroyed, was 1,188,693.

Of the unmailable letters, 286,307 were detained for postage, not being prepaid as required by law. They were either wholly unpaid, not prepaid one full rate, or were stamped with illegal or revenue stamps; 70,429 were misdirected, the post office, State, or some necessary part of the address being omitted; 2,078 had no address whatever, and 2,570 were addressed to places where there was no mail service.

The number of applications for dead letters was 5,763, and in 1,266 cases the letters were found and forwarded to their owners.

The amounts deposited in the Treasury were:

For unclaimed dead letter money	$14,585 63
For proceeds of sales of waste paper	2,067 05
Total	$16,652 68

The largely increased use of stamped envelopes bearing "return requests," that is, requests that they be returned to the writers after a stated number of days, has operated to decrease in a considerable degree the number of dead letters. While the number and value of money letters received are about the same as those of the preceding year, the percentage of decrease in letters containing other valuables ranges as follows:

	Per cent.
Letters containing bills of exchange, drafts, checks, deeds and other valuable papers	19.85
Letters containing jewelry and other property	53.94
Letters containing articles of small value, postage stamps, photographs, &c	9.68
Ordinary letters without inclosures	11.92
Ordinary letters and enclosures destroyed	74.14

These figures demonstrate conclusively the great utility of the "return request" system. If generally used, the force now employed in the dead letter office could be largely reduced, if not altogether dispensed with. The department would thus be relieved from a very heavy expense, while, at the same time, the vexation and loss to correspondents caused by the delay and uncertainty incident to the present system would be almost entirely obviated. At first it was required that there should be a formal request, printed or written on the envelope, for the return of the letter to the writer, if unclaimed. For the greater convenience of the public, it is now provided by law that any writer of a letter on which the postage is prepaid may secure a return thereof, without additional postage, after remaining uncalled for thirty days, by merely indorsing his name and address thereon. This appearing to be the simplest expedient that can be devised, compatible with safety and accuracy, the department urges its universal adoption, with a caution, however, that every writer should indorse his own address, and not trust to the business card of a hotel or firm with which he is not connected. Letters returned to one address cannot be remailed, even if the residence of the writer be known, without additional postage.

POSTAL MONEY ORDER SYSTEM.

The whole number of money order postoffices in operation during the last fiscal year was 1,468. Two of these, Roxbury, Massachusetts, and Fort Leavenworth, Kansas, were discontinued, circumstances having rendered them unnecessary, and 219 new money order offices were established July 12, 1869, making the present whole number 1,685.

The number of orders issued during the year was 1,264,143, of the aggregate value of		$24,848,058 93
The number paid was 1,248,874, amounting in value to	$24,447,376 66	
To which should be added the amount of orders repaid to purchasers	206,746 80	
		24,654,123 46
Excess of issues over payments		$193,935 47

The amount received by postmasters as fees for the issue of orders was $176,190 90. During the previous fiscal, ended June 30, 1868, the aggregate amount of orders issued was $16,197,858 47; of orders paid and repaid, $16,118,537 03; and of fees, $124,487.

It appears, upon comparison of these sums with the corresponding transactions of the last fiscal year, as above stated, that there has been an increase over the year 1868, of $8,650,200 46, or of 53 2-5 per cent., in the amount of issues; of $8,535,586 43, or of 53 per cent., in the amount of payments; and of $51,703 90, or of 41½ per cent., in the amount of fees received. The smaller percentage of increase in the fees, as compared with the issues, is to be attributed to the fact that by the act of July 27, 1868, the fees for issuing money orders were diminished. Before that time the fee for an order not exceeding twenty dollars was ten cents, and for an order exceeding twenty dollars twenty-five cents; but by the act last mentioned the fee for an order for one dollar or any sum not exceeding twenty dollars was fixed at ten cents; for an order exceeding twenty dollars and not exceeding thirty dollars, at fifteen cents; for an order exceeding thirty dollars and not exceeding forty dollars, at twenty cents; and for an order exceeding forty dollars, at twenty-five cents. No change was made in the maximum amount for which an order can be issued, which is limited to fifty dollars.

The average amount of the money-orders issued during the last year was $19 65; during the year 1866 it was $19 47; and during the year 1867 it was $19 45—showing that there has been but a slight variation in this amount for the last three years.

The tendency of capital towards the centers of trade and commerce is well illustrated by the operations of the money-order system. The smaller offices almost invariably issue more orders than they pay, while at the larger ones the payments largely exceed the issues. Upon a comparison of the money-order business in the new States with that of the older States, a like condition of things will be found to exist. For example: In California, which has 51 money-order offices, the number of money-orders issued was 30,355, amounting to $1,034,789 54; the number paid was 8,688, amounting to $345,574 67. In Massachusetts, which has 54 offices, the number of orders issued was 45,927, of the aggregate amount of $963,539 25; the number paid was 142,545, amounting to $2,270,967 45. In the city of New York, the payments during the year were $3,062,805 32, while the issues were but $513,290 19.

The whole number of duplicate orders for the fiscal year 1869 was 5,530. Of these, 5,461 were issued to replace originals lost in the mails or otherwise; 56 were in lieu of orders rendered invalid because not presented for payment until more than one year after date, and 13 were in lieu of orders made invalid by more than one indorsement.

During the previous year, 3,873 duplicates were issued. There has been, therefore, an increase during the last year of 1,657, or nearly 43 per cent., in the number of duplicates, which is, however, ten per cent. less than the ratio of increase in the orders issued.

The receipts and expenditures during the last fiscal year, as adjusted and reported by the Auditor, were as follows, viz:

Fees received for money orders issued		$176,190 90
Amount received for premium on drafts		56 97
		$176,247 87
Commissions to postmasters and allowances for clerk hire	$101,062 19	
Allowances for remittances lost in transmission by mail	5,797 00	
Incidental expenses for stationery and fixtures	3,834 81	
		$110,694 00
Excess of receipts over expenditures, being the amount of profit to the department from money order business		$65,553 87

The sum of $16,392,818 13, being surplus funds which had accumulated at the smaller offices in excess of what was required to meet payments, was transmitted, by means of either national bank drafts or registered packages, to first class offices used as depositories. The loss by registered packages during the year amounted to $3,186 84, of which the sum of $532 was allowed, before the end of the year, to postmasters who had remitted the same; the sum of $823 84 was allowed after the close of the year, and is not, therefore, included in the present annual statement of expenditures, but will be entered in the next report; and the remaining sum of $1,831 is covered by claims still pending. The total of allowances made during the year for lost remittances was $5,797; but of this the sum of $5,265 was on account of five lost remittances sent by the postmaster at Austin, Texas, to the postmaster at New Orleans, Louisiana, in the first quarter of 1868, which were stolen in the office of the latter but credit for which was not allowed to the remitting postmaster until after the commencement of the last fiscal year. Hence this allowance constitutes a part of the expenditures of the year 1869, and is included in the above statement thereof.

In the transmission of these surplus funds in registered packages by mail, the department, in consideration of the fees received from the sale of orders, assumes the risk of loss. Such losses, however, rarely occur in any but sparsely settled localities, and have not yet entirely recovered from the effects of violence and disorder during the rebellion.

During the year, payment of six money orders was obtained fraudulently by forgery of the payee's signature, or by means of false pretenses. In four of these cases, the amount of the order was refunded to the remitter by the issuing postmaster, in compliance with instructions from the department. In one, the postmaster who had erroneously paid the order was directed to pay a like sum to the true payee. In the remaining case, the person who improperly obtained payment of the order was compelled to pay over the amount thereof to the rightful owner.

The transfers made by postmasters from the postage to the money order account, for the purpose of meeting orders presented for payment, amounted to $1,326,077 41, and the transfers from the money order to the postage account of $1,461,078 77, leaving at the close of the year a balance in favor of the latter account of $135,001 36.

I cannot better illustrate the great success and rapid extension of the domestic money order system than by a presentation of its operations from its establishment on the 1st November, 1864, to the present time, a summary of which is contained in the following table:

	1865.	1866.	1867.
No. of money order offices	419	473	832
Issues	$1,360,122 52	$3,977,259 28	$9,229,327 72
Payments	1,313,577 68	3,903,899 22	9,071,240 73
Receipts from fees	11,536 40	35,803 06	70,889 57
Expenses	18,584 37	28,664 27	44,628 96
Deficit	7,047 97		
Surplus		7,138 79	26,260 61

	1868.	1869.
No. of money order offices	1,223	1,468
Issues	$16,197,858 47	$24,848,058 93
Payments	16,118,537 03	24,654,123 46
Receipt from fees	124,503 19	176,247 87
Expenses	70,345 04	110,694 00
Deficit		
Surplus	54,158 15	65,553 87

The great and constant increase, from year to year, in the transactions of the money order system, clearly indicates its utility as a safe, convenient, and expeditious mode of making small remittances, and shows that it is steadily increasing in favor with the public, as practical experience demonstrates its advantages. I regard it as thoroughly established, and recommend its universal use by the people wherever practicable.

With a view to its further efficacy, I respectfully recommend additional legislation to authorize its extension to the stations, or sub-postoffices, in the large cities. This cannot be done at present, because the postmaster, who has the control and supervision of subordinate stations, is not empowered by law to issue money orders payable by himself or by his assistants. In the opinion of the department, the establishment of the money order business at stations would be a substantial advantage, as well as a great convenience, to residents in their vicinity. They would thus be enabled to purchase orders and receive payments without being compelled to resort to the main office. They would furthermore be furnished with a convenient and secure mode of transmitting small sums of money from one part of the city to another. This arrangement would not only tend to exclude money from local letters, but would facilitate the transaction of business at the main office, by relieving it, to some extent, of a constantly increasing crowd of applicants for the purchase or payment of orders. It has been for years in successful operation in the large cities of other countries, and there appears to be no valid reason against its introduction here.

Detailed regulations for the execution of the convention of October 12, 1867, for an exchange of postal orders between the United States and Switzerland, were finally agreed upon and signed at Washington, July 2, 1869, by the Postmaster General, under the authority given by the act of July 27, 1868, and at Berne on the 26th July, 1869, by the chief of the federal post department of Switzerland. This first attempt to establish an international money-order system by this department was put into operation, by mutual agreement, on the 1st of September, 1869, and, notwithstanding frequent and considerable fluctuations in the value of currency, it has been conducted without difficulty, and thus far has worked satisfactorily in all its details. The number of offices at present authorized to issue orders for sums to be remitted to Switzerland, and to pay orders for sums remitted from that country, is 150. The amount of orders remitted from this country to Switzerland from the 1st of September to the 18th of October was $2,619 63, gold value, equivalent to $3,515 97 in our currency at the time of transmission; and the amount of orders sent at the same time to the United States was $3,191 in gold, or $4,260 20 in currency. A copy of the convention, with the detailed regulations, and of the "instructions relative to the international system" issued to postmasters by this department, will be found in the appendix.

MISCELLANEOUS.

When I accepted at your hands the position of Postmaster General, I propounded to myself two questions: How can the postal service of the country be made most efficient? and, How can it be relieved from the heavy deficiencies annually charged against it? Knowing it to be your desire that the department should be restored to a self-sustaining condition as rapidly as a faithful discharge of its duties would permit, I have diligently sought the true answers to the above questions. As far as lay in my power, during my short administration, I have reduced the expenditures and increased the revenues of the department; but, notwithstanding my efforts, I found myself, at the end of the fiscal year, confronted with a deficit of $5,358,620 80. Though this amount is less than the deficit provided for by appropriations, it is yet large enough to stimulate me to inquire carefully into the causes of such enormous arrears.

The principal causes operating to prevent the department from becoming self-sustaining are three, to wit:

1st. The depreciation of the paper currency.
2d. Unpaid postages on printed matter.
3d. The franking privilege.

The first of these is temporary, and will, in a short time, it is hoped, cease to operate. While it continues, however, it greatly affects the proportion between the receipts and expenditures of the department. The truth of this will be admitted when it is stated that the postages are fixed by law, and remain the same nominally, no matter what may be the fluctuations in the value of the currency; while, on the other hand, all contracts made by the department, except those for railroad transportation, are based on current rates, whatever they may be. Hence, when paper currency is depreciated, the postages are reduced in effect by the exact amount of the depreciation; so that, when gold is quoted at 133⅓, the single rate of letter postage is no longer three cents, but, in reality, only two-and-a-quarter cents.

Again, the department is defrauded out of a large amount of postage on newspapers by parties, who professing to be sending out papers from known offices of publication to regular and *bona fide* subscribers, are, in fact, loading the mails with "specimen" papers and mere business circulars, disguised in the form of newspapers. The act of March 3, 1863, and the regulations made in pursuance thereof, require that all such matter, if sworn through the mailing office, shall be sent to the office of delivery, and that the postages, whether charged at newspaper rates or at letter rates by way of fine for fraud, shall be collected by the office of delivery. If not paid for and delivered, it often happens that no other disposition of this matter can be made than to return it to the mailing office for the prosecution of the offender. The double transit thus encouraged is frequently attended with no result, except that the matter is left in the office and ultimately sold for waste paper. For this mischief there is but one adequate remedy, and that is to require prepayment on all printed matter. A due regard to the convenience of the publishers of newspapers would require that postage on newspapers should be charged according to the weight of packages. To accomplish this reform, a considerable reduction on present rates might be conceded by the department. To make the remedy of prepayment complete, it would be necessary, furthermore, to confer ample power on postmasters at mailing offices to open and inspect suspected packages of newspapers, and to impose upon them, if found to be vitiated by fraud, full letter postage, to be paid invariably in advance. This summary proceeding should not relieve the offender from liability to prosecution and punishment by the imposition of the fine already provided by law.

The foregoing are evils which, doubtless, ought to be corrected. It is possible, however, for the department to endure them, and yet retain a degree of efficiency. But the remaining cause of complaint has become intolerable, and must be removed, if the department is to be saved from utter demoralization. The franking privilege has grown to be an abuse so monstrous that it now threatens the very life of the service.

The postoffice was established in Great Britain to promote "trade and commerce." If its purpose is so comprehensive under a monarchy, how much more should it be made to contribute to the general good in a republic? Our early legislation on this subject breathes the most generous spirit throughout. The convention of 1787, seeing the impotency of the postoffice establishment under the confederation, and anxious to provide for the future necessities of the people, enlarged the power of Congress so as to authorize that body to establish "post routes" as well as "postoffices," and thus granted to the national legislature full and absolute control over the whole subject of the mails. The United States, having assumed the exercise of the exclusive power thus conferred, designated the Postoffice Department as the sole agent of government in postal matters, and, to make its authority more complete, prohibited all private individuals, under heavy penalties, from interfering with its duties. Government has thus become the trustee of the people, and has placed the Postoffice Department in direct contact with the people. Under the laws establishing the department, its revenues are not drawn from the public treasury, but are collected directly from all alike, whether high or low, rich or poor who claim its assistance. Congress having excluded all competition by law, every principle of fair dealing requires that government shall give to the people the most ample and satisfactory recompense for the postage they are obliged to pay. The people expect, as of right they may, that the department will provide for an exchange of correspondence, and for the general dissemination of news by the most speedy, certain and secure means that the best and most skilful use of its revenue can procure; and when it fails to fully meet so just an expectation, it falls short of its high duty. The people should be content with no less than the best and cheapest service; and government, having undertaken the duty of providing for their wants in this respect, and preventing all others from attempting to do so, is bound to see that its agent is provided with every reasonable facility, and that no obstacle susceptible of removal shall continue to stand in the way. Government may, and should, aid the operations of its agent, but it cannot rightfully fetter or burden them. It is clear, therefore, that all special privileges, to whomsoever granted, at the expense of the postal system, are hostile to the established theory upon which that system was founded and has ever since been conducted, and that government itself cannot justly claim such privileges, unless they can be shown to be essential to the discharge of other obligations which are paramount to the duty of providing a cheap and efficient mail service. On the contrary, the enlightened opinion of the age demands that the postal service shall be administered in a spirit of the broadest beneficence, and for the equal advantage of all the people.

Holding these views as to the respective duties of government and the department, I approach the discussion of the franking privilege.

The first objection that presents itself is, that it is a special privilege granted to a favored class at the expense of the many. To this it is no sufficient answer to say that it is exercised solely in the interest of government. If the views already presented are correct, government has no right to appropriate to itself, in part or in whole, the benefits of a trust the administration of which has been committed to it for the advantage of others; and, to show that I am not singular in this opinion, I introduce the following from the admirable report, dated December 3, 1859, of my distinguished predecessor, Hon. Joseph Holt:

"There is no more reason why the Postoffice Department, through its contractors, should perform this service (the conveyance of government correspondence) gratuitously for the Government, than there is that the steamboats and railroad companies of the country should transport its troops, munitions of war, and stores without compensation. What shall be the character and amount of written or printed documents forwarded on behalf of the Government, and under what safeguards against abuse, are questions whose solution belong exclusively to Congress, and which it is not my purpose at present to discuss. I desire to maintain only the general proposition that whether the written or printed matter be great or small, if it be dispatched in the name and in the interest of the Government, and by its agents accredited for the purpose, it should be charged with precisely the same rates of postage to which it would have been subjected had it been forwarded by private citizens. The franking privilege, as accorded to various officers of the Government, was from the beginning, and still is, an anomaly in the postal system, and in direct conflict with the true theory of its creation. Had this department, like the others, been placed as a charge upon the treasury, and were it essentially a political instrumentality and the property of the nation, it would be as incongruous for it to demand remuneration for its services to the government as it would be for the army and navy to do so; but this is not and never has been its actual or theoretical status. Beyond its political authority in establishing the department and its revisory power over its administration, the relations of the government to it are precisely those of the private citizen. This has been distinctly recognized in the several acts permanently appropriating $700,000 per annum for the transportation of 'free matter.' This is not, in the language or spirit of the act of 1836, a provision made for the support of the department from its own revenues, but is an appropriation from the public treasury, and is, in its terms, a specific compensation for the transmission of the correspondence and documents connected with the administration of the Government."

At this point it may be asked, is it not better for the department that Government should make good all deficiencies, rather than simply pay its own postages? To this question the answer should be an emphatic negative. It is not better that Government should continue to blindly pay all deficiencies. No policy could be more unwise, both for itself and the department. It is unjust to Government, because it thereby assumes to pay postages not only on its own matter, but also on all fraudulent matter that may in its name and under cover of the counterfeit franks of its officials be foisted into the mails—thus doubling the necessary expenditure. It is unjust to the department, because in so dealing with it Government does not respond to its call as to the claim of a creditor who has rendered important services, and who, in consideration thereof, is entitled to demand a just compensation, but rather as to an imbecile at its gates appealing in his helplessness for charity. This is a great moral and political wrong. It reduces the department to a state of hopeless dependence, and destroys to a great extent its usefulness. It makes it the packhorse of every other branch of the public service, and compels it to assume, without a question, whatever burdens may be laid upon its back. Work as steadily and as skillfully as they may, the managers of the department know that at the end of the year their accounts must show the inevitable deficiency. Is this just? Will this encourage activity and vigilance? Will this promote economy and efficiency? When the department, with its forty thousand or more employees, has labored to discharge every duty faithfully, has carried its mails ninety-one millions of miles and distributed them according to order among forty millions of people, and, to accomplish this, has fought every inch of its way against frauds which government itself has licensed, it is at least entitled to a respectful recognition of its services, instead of being consigned to everlasting insolvency.

Turning from a subject the consideration of which discourages every man connected with the service, it may be added that there can never be an intelligent administration of the department until an accurate knowledge can be obtained of its resources and liabilities, its revenues and expenditures. This is impossible so long as the franking privilege shall be allowed to obstruct so many of the important avenues to information.

So much for the "special privilege" claimed for government.

But much more can be said in favor of extirpating this evil. The cost of "free matter" has been increasing from year to year, until at last it weighs down the department into continuous insolvency. The additional expense to which it subjects the service is counted by millions, whilst there is provided to meet it only the standing annual appropriation of $700,000. It was stated ten years ago that the department actually expended, at that time, in the performance of the duties which the franking privilege imposed, little, if anything, short of $3,000,000. Since that time the expense has largely increased; and I am convinced that it now exceeds the enormous sum of $5,000,000, of which about one-half is paid on fraudulent matter. That this is not an exaggeration will appear from an examination of the weight of mail matter sent and received at the Washington City Postoffice from the 11th to the 31st January, 1869, as officially reported to the department. By this return it appears that the weight of free letters sent was 15,385 pounds, and of free letters received 16,995 pounds, making for twenty days 32,380 pounds. Hence an estimate for one month is 48,570 pounds, and an aggregate for one year 582,840 pounds. It appears, further, that the weight of public documents for twenty days was 207,891 pounds, making for one month 311,837 pounds, and an aggregate for one year of 3,742,044 pounds. If, therefore, the postage value of this free matter be computed at the minimum estimates of $1 25 per pound for letters and 16 cents per pound for documents, we have a postage value for free letters of $728,550, and for public documents $598,727, being an aggregate of $1,327,277, as indicated by the returns made at a period when the mails were almost entirely relieved of the burden of the heavy department reports. All this from the Washington City postoffice alone.

There is no sound reason for believing that, estimating by weight, the present basis of the postage rates, the proportion of free matter is really *less* than thirty per cent., as ascertained by the careful investigations of a committee of the British Parliament: but, even if we adopt the results of the imperfect information attainable in this county, and assume twenty-five per cent of the ordinary annual expenditures as the just equivalent for the unpaid services of the Postoffice Department, it will appear that the Government is bound in honor and justice to appropriate $5,000,000, instead of $700,000, for this service.

But the most potential reason of all for the abolition of the franking privilege is found in the incurable abuses and frauds which seem to be inseparable from its exercise. When the number of persons who are clothed with the franking privilege, and of judges who are expected to pass upon the genuineness of franks, is considered, the opportunity for boundless frauds will appear to be almost infinite. The following statement, made up from official sources, will show how far the privilege is extended under existing laws:

STATEMENT OF OFFICIALS EXERCISING THE FRANKING PRIVILEGE.

President of the United States and his Secretary	2
Vice President	1
Members of the Cabinet	7
United States Senators	74
Members of Congress	241
Delegates in Congress	5
Secretary of Senate and Clerk of House of Representatives	2
Assistant Secretaries, Chief Clerk, &c., State Department	4
Assistant Attorney General and Chief Clerk	2
Assistant Secretary, Commissioners, chief clerk, &c., Interior Department	13
Chiefs of bureaus, chief clerk, &c., Navy Department	17
Chiefs of bureaus, chief clerk, &c., of War Department	21
Assistant Secretaries, chief clerks, &c., of the Treasury Department	42
Assistant Postmasters General, superintendents of foreign mails and money order system, and chief clerks Postoffice Department	9
	440
Add internal revenue officers, (assessors and assistant collectors and deputies)	4,115
Postmasters on 1st November, 1869	27,378
Total	31,933

In this statement alone is an army of 31,933, who, generally speaking, load the mails at will with whatever matter they please. Some of them, to be sure, are granted only a limited privilege, yet, practically, the restrictions are no longer operative. To these should be added the countless host who address communications to members of Congress, the Clerk of the House of Representatives, the Secretary of the Senate, heads of departments, heads of bureaus, chief clerks, and all others authorized to frank official matter. How is it possible that any checks whatever can be imposed and enforced against a privilege so widely extended?

But the difficulties increase when it is further considered that the judges who decide upon the genuineness of franks are the entire corps of 27,378 postmasters, scattered all over the country, none of whom, with the utmost diligence, can hope to acquire a tolerable familiarity with the signatures of more than a few of the privileged. In the larger offices, where one hour is the longest time that can be allowed for making up the mails, and where it is necessary to receive and manipulate thousands of letters daily, it is impossible, even if the genuine signatures were known, to make a systematic attempt to exclude matter improperly franked. What is the result? Boundless frauds, of course, without a possibility of detecting them, or even a hope of preventing their further increase. In fact, every frank, counterfeit or genuine, is equally effective, and the extent of the evil is limited only by the wants of those who desire to impose upon the service.

It has been well said that "there is no middle ground between boundless franking and no franking." The truth of this observation will be perfectly manifest to all who will take the trouble to inquire into the subject. With the appliances now at the command of the department, or that can be devised in its interest, it would be a sheer impossibility to to eliminate fraud from the exercise of the franking privilege. The privilege itself is the fruitful mother of frauds, and cannot be reformed. Estimating the frauds and evasions perpetrated under cover of this system to be equal in amount to the postages upon matter bearing genuine signatures, (and this is no exaggeration,) the total expense is swelled to an amount equal to the entire deficit of the department for the last fiscal year. Certainly, these stupendous frauds should be prevented; and, as they cannot be separated from the practice of the system, the only remedy is to abolish the system itself.

How is it possible for the department to escape from the slough into which it has been cast, so long as government fastens inextricably about its neck an ever-increasing weight? Under the frightful burden imposed by the franking privilege, no further reforms can ever be made in the way of reducing domestic postages. An appalling deficit will be made a perpetual bar to all progress—all substantial improvement.

In England the postal service was rescued from pitiable imbecility and inefficiency by the illustrious Rowland Hill and his associates, in 1839; but it was necessary first to destroy this badge of subserviency to rank and class, although in that country it was limited both in the number of privileged persons and in the number of letters each could frank per day. So here, as the initial step to reform, I earnestly urge the total abolition of the franking privilege.

The objection that Congress may desire to print and disseminate public documents should not avail against the appeal of the department for deliverance from the frauds that are fast overwhelming it. If the privilege be abolished, official publications may still be forwarded through the mails. It is only asked that they, like all private matter, may be chargeable with postage. If it be urged that this would prevent or impede the diffusion of the knowledge of public affairs among the people, then it may be said, in reply, that if it be the purpose of Congress to give information to the people, a far more telling expedient may be resorted to. An unburdened press, managed and directed by private enterprise, can do more than Congress to enlighten the masses. Better far that the franking privilege should be abolished, and that all newspapers sent to regular and *bona fide* subscribers from a known office of publication should be carried free, without regard to weight, throughout the United States, as now throughout the county wherein printed and published. The receipts of the department for the last year from "newspapers and pamphlets" amounted to $778,882 30. This portion of its receipts the department can forego, provided it can be protected against the frauds, more than three times in amount, inseparable from the franking privilege.

It is not proposed or desired that government officials should be personally taxed for the transmission of their public correspondence. It is asked, on the other hand, that every department, every member of Congress, and every other public officer, shall have a liberal allowance of stamps for postages, subject to a proper accountability, and that the sum necessary therefor shall be appropriated out of the general treasury.

Should Congress conform to my recommendations in this respect, I confidently predict that millions will be saved annually to the government, that the department will be at once redeemed from its present condition of chronic bankruptcy, and that the postal service will speedily become the potent coadjutor of the people in developing and adorning our great country.

My predecessor addressed to the Speaker of the House of Representatives a letter, under date of 9th January last, in relation to the postal telegraph, inclosing an elaborate communication on the same subject from Gardiner G. Hubbard, Esq., of Boston. This is a subject of great importance, and deserves the most careful consideration. Several European nations have adopted the system with apparent success. I shall defer making any recommendation concerning it until a greater degree of efficiency can be attained in the service as at present constituted.

The commission heretofore appointed by Congress has submitted to me a codification of the statutes relating to the postal service, which has been referred to a committee of competent gentlemen of long experience in the practical working of the department for careful revision. Their report will be presented to Congress at an early day. The codification, when perfected and adopted by Congress will greatly facilitate the public business.

Regarding the present as a favorable opportunity, I call the attention of Congress to the penal laws providing for the punishment of offenses against the postal service. The penalties prescribed are in many cases too severe, and, by reason of their apparent harshness, have tended to create a sympathy in the minds of jurors and others in behalf of this class of offenders. Experience has shown that the certainty of punishment, more than its severity, deters from crime. I recommend that the terms of imprisonment in most cases be shortened and graduated, with a more careful regard to the nature and character of the offenses which the framers of the laws designed to punish and prevent.

A reorganization of the department has become a necessity. The recommendation of my predecessor in that regard is cordially approved.

It would be unjust to close this report without making a proper recognition of the important services of the heads of the respective bureaus of the department, including the superintendents of foreign mails and of the money order office. They are all gentlemen of singular fitness for their several positions. In all things they have come up to the full measure of my expectations, and I esteem myself most fortunate in having secured their valuable aid. In consideration of the ability, integrity, industry and zeal they have continually exhibited, I earnestly recommend such an increase in their salaries as will afford them the means of a respectable livelihood, their present compensation being inadequate for that purpose.

I have the honor to be, with great respect, your obedient servant,

JNO. A. J. CRESWELL,
Postmaster General.

THE PRESIDENT.

REPORT

OF THE

SECRETARY OF THE NAVY.

NAVY DEPARTMENT, December 1, 1869.

SIR: I respectfully submit the following report of the Navy Department, and the branch of the public service under its supervision, during the last year.

The head of this Department has been twice changed since the sending in of the last annual report, and the report for this year must therefore include the operations carried on during that time, as well under the superintendence of Mr. Welles, (the former Secretary of the Navy), as under that of my immediate predecessor, Mr. Borie, and myself.

Of the period extending from the date of the last annual report to the coming in of the present administration, the detailed reports of the several bureaus are naturally incomplete, and I am of course, without authoritative information of the ideas which at that time governed the operations of the department. It becomes me, therefore, to speak of it only in general terms; and showing simply the condition of the navy at the commencement of the administration, state only results as the surest test of principles and practice.

NAVAL FORCE IN MARCH, 1869.

When my immediate predecessor came into office, on the 9th day March last, the navy of the United States consisted of two hundred and three (203) vessels of all classes, and in every condition.

These were of nearly one hundred and eighty-three thousand four hundred and forty-two (183,442) tons, and were calculated to carry, when in commission, thirteen hundred and sixty-six (1,366) guns, exclusive of howitzers.

Of these ships one hundred and fifty-one (151) were wooden, and fifty-two (52) were iron-clad or monitors.

Of the wooden ships (32) were sailing vessels; fifty-three (53) were steamers, with some auxiliary sail power; forty-four were steamers, without any efficient sail power; and twenty-two (22) were without sail power of any kind.

The iron-clads are all steamers, relying wholly on steam under all circumstances.

Of all these classes only forty-three (43) vessels, including store-ships, mounting three hundred and fifty-six (356) guns of every calibre, were attached to fleets or returning therefrom. Six (6) more, mounting thirty-six (38) guns, were in commission for special service; and six (6) others at the various stations as receiving ships. These, together with fourteen (14) tugs and small vessels, attached to the various navy yards and stations, constituted the whole force of the Navy at that time effective for immediate service.

It has since been found necessary to offer for sale, on foreign stations, three (3) of these vessels, which were condemned as unfit for service and unsafe to return home; and twenty-five (25) more of them have been ordered home to the various navy yards for repair and alteration, or sale. But one ship, the Juniata, at Philadelphia, was under repair at the time of the coming in of the present administration.

The remainder of the navy not in commission consisted of:

First. Forty-six (46) iron-clads and monitors of every class, laid up at various stations, none of which could be got ready for service without thorough overhauling and extensive repairs to hulls, turrets and machinery, thirty-two (32) of which have been condemned and ordered to be sold, as not adapted to our service; and twenty-six (26) of them never having been in commission.

Second. Twenty-two (22) vessels of every class yet on the stocks, and on which work had been suspended.

Third. Sixty-six (66) vessels laid up in ordinary, or unfit for active service in the future.

CRUISING STATIONS AND DUTIES AND FORCE OF EACH, IN MARCH, 1869.

For the better distribution of our force the field of our naval operations is divided into five cruising stations, known respectively as the North and South Atlantic, the Pacific, the European, and the Asiatic.

The extent and limits of these stations are carefully defined, and may be readily traced; and to each are assigned such proportions of the available force as the extent and circumstances of each may from time to time require.

THE NORTH ATLANTIC STATION embraces the entire eastern coast of South America as far as Cape Orange, near the mouth of the Amazon, extending eastward to the forty-third degree of longitude west from Greenwich. To the squadron on this station is committed the protection of all outward bound and returning Atlantic commerce, when west of the forty-third degree of west longitude; our coasting trade on the Atlantic and the gulf, and that which we carry on with the West Indies, Mexico, the northern countries of South America and the Isthmus.

It consisted on the 9th of March last of six (6) vessels, mounting in all twenty-eight (28) guns, the whole under command of Rear Admiral Hoff.

THE SOUTH ATLANTIC STATION embraces the east coast of South America from Cape Orange to Cape Horn, extending across from the former point to St. Paul de Loando, and along the southwest coast of Africa to the Cape of Good Hope. The squadron in charge of our important interests in these waters was, at the date last mentioned, under the command of Rear-Admiral Davis, and consisted of six (6) vessels, mounting in all fifty-six (56) guns.

THE PACIFIC STATION is one of great extent and importance, embracing the entire western coast of both North and South America, extending westward to the one hundred and seventieth degree of west longitude, and thence along the equator south of it to the one hundred and fifteenth degree east, taking in New Zealand, Australia and New Guinea, together with the Feejee and other groups of the South Pacific Ocean. The naval force on this station is looked to for any needed protection to the interests of the government and our people in all the waters of the Pacific; to our trade along the great isthmus, and the whole coast of South America; our whaling and fishing fleets in the North Pacific; our growing commerce with the Sandwich Islands, China and Japan; our newly acquired interests in Alaska and the adjacent islands; and to our traders, representatives and missionaries, scattered among the barbarous or half civilized tribes which people the Pacific groups.

On the date last mentioned, this station was divided into two squadrons, denominated the North Pacific and the South Pacific squadrons, commanded respectively by Rear Admiral Craven and Rear Admiral Turner—the North Pacific squadron consisting of eight (8) vessels, mounting, in all, seventy-eight (78) guns, and the South Pacific squadron, consisting of six (6) vessels, mounting, in all, forty-nine (49) guns. Since the coming in of the present administration, for the purpose of readier communication, and to give to the small force in this extended field greater efficiency and facility for combined action, these two stations have been consolidated into one, with a single fleet of two divisions, each under the immediate command of a Commodore, with the whole under the general command of a Rear Admiral.

THE EUROPEAN STATION embraces the Atlantic, with its connecting waters, north of the equator and as far west as the forty-third degree west from Greenwich, and includes the whole west coast of Europe; the Mediterranean and its communicating seas, and the coast of Africa as far as St. Paul de Loando. The squadron commanded by Rear Admiral Bradford, and consisting, at the date aforesaid, of seven (7) vessels, mounting in all eighty-five (85) guns, represented the naval power of our country on the coasts and in the ports of all the great nations of Western and Southern Europe, as well as those of Northern Africa.

THE ASIATIC STATION embraces the eastern coast of Asia, around to Hindostan, and thence to Cape of Good Hope; taking in Java, Sumatra, Borneo, the Philippine Islands Japan and the waters of Western and Southern Asia, and Western Africa. Our growing trade in the East, and the influence of our government for the spread of commerce and civilization among the people of Eastern and Southern Asia, were protected in these waters by a squadron made up, on the date last mentioned, of ten (10) vessels, mounting sixty (60) guns, under command of Rear-Admiral Rowan.

INADEQUACY OF FORCE.

It will be seen at a glance that these cruising stations comprise within their limits most of the ports and sea-coasts of the known world; and that, in thus establishing them, our government has attempted to extend its influence and protection over every field into which, allured by trade or science, or inspired by religion, an American citizen has been able to penetrate.

This, in time of peace, is an appropriate duty of our navy, and its benefits will be in proportion to the liberal spirit of the government, and the tone of the service to which its illustration is committed.

But it is also apparent that the means employed were utterly inadequate to the ends to be attained, and that our small fleet on these stations, consisting of forty-three (43) vessels, mounting three hundred and fifty six (356) guns with a tonnage of forty thousand and fifty-two (40,052) tons was too small in number, and too weak in character, force, and condition to perform the service required by the ideas of the government and the expectations of our people. Cruising on the same seas and with duties not more various and extended, France has over one hundred and fifty (150) ships in commission, of a tonnage of 20,000 tons; while England has, crowded into the same area, no less than one hundred and ninety-one (191) ships, with a tonnage of 338,000 tons, with her flying squadron ready to reinforce her power whenever occasion may require.

The fleets of other nations rival, and some surpass ours in their number, size and character; and in fact our position on the seas was maintained only by the spirit and untiring energy of our officers, and a pervading belief in the latent resources of our country and the energies of our people.

CONDITION AND EFFICIENCY OF SHIPS ON STATIONS.

Of the forty-three (43) vessels which compose these several fleets, not more than eighteen (18) were in condition for real service; some have been condemned as unseaworthy, and almost all required considerable repairs to bring them to their most efficient state.

The efficiency of this small force, moreover, was much lessened by the fact that most of them were steamers, without adequate sail power. The practical disadvantages of relying wholly or even largely on these for cruising vessels will be easily seen; their complicated machinery, worn by constant use, is exposed to derangement in foreign seas; they are more easily disabled in battle or storm; and, what is even more important, they afford no school of seamanship to officers or men. Lounging through the watches of a steamer, or acting as firemen and coal-heavers will not produce in a seaman that combination of boldness, strength, and skill which characterized the American sailor of the elder day; and the habitual exercise by an officer of a command the execution of which is not under his own eye, is a poor substitute for the school of observation, promptness and command, found only on the deck of a sailing vessel. Besides, few war steamers carry coal for more than ten days use, and as a large portion of even this time must be consumed in seeking a new supply, the disadvantages as well as the great expense of cruising under [illegible] are apparent, particularly on foreign stations, where depots are necessarily few and the cost of fuel enormous.

MONITOR FLEET.

Our effective force was still further reduced by the fact that our monitors and iron-clads, laid up since the war, had received in the meantime little care. They were found, when the attention of the department was directed to them, in a state of rapid deterioration. Hulls, turrets and machinery, the most costly and powerful, exposed without care to the action of the elements, were fast losing their value; and of the whole fleet of monitors, relied upon by the country for defense, not one could have been ready in time to resist a sudden attack.

A board for the "inspection of steam machinery," of which Rear-Admiral Goldsborough was president, was constituted by Mr. Borie, and from their report, hereto attached, it will be seen that many other of our vessels are entirely unsuited for naval purposes.

These statements, I may be permitted to say without imputing blame to any one, exhibit our navy at a low ebb; a condition, the cause of which may doubtless be found, in the vast expenditure of material during the great war; in the exhaustion which followed it; and in a sense of the burdens it had imposed, affecting alike the department, Congress and the people.

WHAT HAS SINCE BEEN DONE.

With such material in this condition the department, at the commencement of the administration, found itself charged with the duty of maintaining the naval power of the government in every part of the world; required to protect, on every sea, the interests of the dominant and responsible nation of the Western Continent, whose boundaries stretch to the shores of either ocean, whose people aspire to rival those of the whole world in every field of enterprise, and whose government is pledged to the interests of freedom, civilization and progress, and at the same time to be prepared with reserved power and the means of applying it, available in every emergency for defense and aggression.

To restore our small force to an effective condition, and to make it available in the best manner in its large and growing field of operations, in the shortest possible time, with the material at hand, and without addition to the national expenses was the first duty which presented itself; and to its accomplishment all the energies of the department have been bent.

In view of the importance of the work, pressing upon it with such urgency, and involving so many conditions of professional knowledge, the Secretary endeavored to avail himself of the best professional ability at his command in every bureau and department of the service. Thus assisted, the department undertook the task of reorganizing the material of the navy, as far as was consistent with existing laws and the state of the naval appropriations; and I think it will be seen that the result will fulfill all reasonable expectations, and fully justify the wisdom of its policy.

It will appear from the foregoing statements, that while there were no ships at the yards at home ready for sea, or which could be made effective without considerable expenditure of both money and time, a large proportion of those on foreign stations needed extensive repair and alteration.

To meet these difficulties, work was renewed vigorously at all the navy yards, and as fast as possible our ships in ordinary were put in condition for service.

Those in commission have undergone the same process as fast as they could be spared from their stations.

More than one-half of the whole Pacific fleet have been or are being repaired at Mare Island. Nearly all the vessels of the North Atlantic fleet have been sent home from time to time for the same purpose.

The Guerriere and the Kansas from the South Atlantic, and the Ticonderoga and Canandaigua from the European squadron, are also now in hand. The work has also been renewed and actively pushed on all available ships at the various yards. By this means we have been able already to reinforce our various squadrons to some extent. The Severn, the Seminole, the Saugus, the Nantasket, and the Dictator, have been added to the North Atlantic Squadron, which has also been strengthened by the Powhatan and the Tuscarora, sent from the Pacific fleet as the only available means for that purpose then at the command of the department.

The Lancaster, completely fitted out, has been sent to the South Atlantic, relieving the Guerriere, ordered home for repairs, and the Juniata, the Sabine, and the Supply, have sailed in like condition to reinforce the European Squadron.

To secure the greatest amount of efficiency, with greater economy at the same time, all the steamers susceptible of it, which have been repaired or fitted out, have been given full sail power and re-rigged, so that without interfering with their speed or effectiveness under steam, they are now entirely independent of it, and are able to cruise wherever required, or, if need be, to go round the world without deterioration of boilers or machinery, and without consuming their coal, which is thus reserved for times of necessity or danger. The ship-rig considered the most efficient for cruisers has been already given to forty vessels of this class, which have been or are now being altered.

The success of those which have been completed, including among their number, as marked instances, the Severn, Juniata, Mohican, Nantasket, Kansas, Lancaster and Swatara, has illustrated the wisdom of the plan. The capacity of these vessels for every service is proved by trial to have been greatly improved, without loss of speed or efficiency when under steam; and the department is convinced that by this system, combined with a judicial and practical selection of simpler and more effective engines, boilers and propellers, the efficiency of our force will be doubled, and at the same time much money saved. Many of our foreign coal stations have already been discontinued, and orders have been issued to commandants of the squadrons, directing them not to permit the consumption of coal for any purpose which could be as well performed under sail, and requiring a report to the department of any deviation from the general rule with the reason for it in each instance.

The result has already been a large saving. Several of our most effective cruisers have consumed no coal since the receipt of the order. It can be shown by figures, that this system of giving and requiring the general use of full sail power, besides its effect to make sailors of both officers and men, will, on the vessels it is intended to be kept in commission (calculating that they cruise but two-thirds of the time,) make, in the item of coal alone, as consumed under the old system, a saving of more than two millions of dollars per annum.

Our monitors and iron-clads were also placed in the hands of the mechanics and in thorough repair. Four of the largest have gone into commission as part of our available cruising force, and the rest are kept, at small expense, in complete order, so that the whole fleet can be ready for service in a week's time.

Of course so much work could not be done without considerable expenditure of money, but by close economy, and a system of strict accountability, the sum of this expenditure has, up to the present time, been kept considerably below the amount of the expenses of the department for the same period of the last year.

Since the 1st of March, 1869, no less than eighty (80) vessels of every class have been repaired or altered, or put in process of repair at the various navy yards, yet the books of the Treasury will show a decrease in the expenditures of the department for that time, as compared with the corresponding period of 1868, of three million, five hundred and twenty-one thousand, eight hundred and twenty-two dollars and ninety-two cents. ($3,521,822 92.) The statement hereto annexed, entitled "Exhibit of expenditure," will show the ships repaired, and the monthly expenditure of the department.

THE PRESENT FORCE AND ITS EMPLOYMENT ON THE VARIOUS STATIONS.

THE NORTH ATLANTIC SQUADRON now consists of the Powhatan, Tuscarora, Severn, Nantasket, Nipsic, Seminole, Swatara, and the tugs Speedwell and Standish, together with the two heavy iron-clads, the Saugus and Dictator; twelve (12) vessels, including tugs, and mounting in all seventy-six (76) guns. It is commanded by Rear Admiral Chas. H. Poor, who relieved Rear Admiral Hoff on the 15th day of September last.

For the reasons hereinbefore referred to, the department was not able, at first, to show the force in the West Indian waters which the protection of our interests there seemed to demand. Some outrages on American citizens by the Spanish authorities of the island were reported, in consequence of which Rear Admiral Hoff, then in command, was directed to proceed to Santiago de Cuba to investigate the matter and take measures for the better protection of American citizens and interests. He executed this duty with promptness and discretion; his reports have been made the basis of negotiations for redress; and since this timely show of power no further aggressions are reported.

The present commander of the North Atlantic squadron has been directed, while preserving strict neutrality between the contending powers in Cuba, to permit no injustice to citizens of the United States, to prevent interference with our commerce and at once to repel, and punish any disrespect or violation of our flag.

Owing to the prevalence of the yellow fever our vessels have been necessarily kept outside the principal port of Cuba, but they rendezvous at Key West, whence they can communicate by telegraph both with Havana and the Navy Department.

Some of the vessels of this squadron have also been cruising among the West India Islands, more particularly in the waters of Hayti and San Domingo. Part of this island has been, during the past season, in a state of revolution, and it was much regretted that the department could afford partial protection to our interest in that quarter, by sending vessels from time to time as they could be spared from other and more important duty.

At Aspinwall a vessel has been constantly kept to look after the persons and property of our citizens at that point and on the Isthmus.

THE SOUTH ATLANTIC SQUADRON now consists of the Lancaster (flag-ship,) Quinnebaug, Wasp and Portsmouth, four vessels mounting forty-three (43) guns, and under the command of Rear Admiral Joseph Lanman. It is highly important that this fleet should be increased, as there is not at this time on that station sufficient force to guard our citizens and commerce on the coast of Brazil and in the regions of the La Plata.

In consequence of the war existing between Brazil and Paraguay, the navy has been frequently called upon to afford protection to American citizens and interests in that latitude, and the department desires to send there, as soon as practicable, vessels of light draught, which will be able to ascend the rivers of the Argentine Confederation and Paraguay.

THE PACIFIC FLEET, under command of Rear Admiral Turner, with Commodore Wm. Rodgers Taylor, and Commodore D. McDougal, commanding the respective squadrons, consists now of fourteen (14) vessels, the Kearsarge, Lackawanna, Ossipee, Mohican, Resaca, Cyane, Jamestown, Saginaw, Dacotah, Saranac, Nyack, Onward, and the Guerriere, (refitting), with the Pensacola as flag-ship, mounting in all one hundred and twenty-nine (129) guns. Of these, the ten (10) last named have been or are being thoroughly repaired and altered in the manner heretofore mentioned, and the fleet, though smaller in number, is already much more effective for the duties of that station.

A ship of war has been stationed on the coast of Alaska since that country was ceded to us; and the sloop of war Cyane, with a properly equipped steam launch, has also been sent there as additional force during the coming winter.

An astronomical party was conveyed to Behring Strait, in the Mohican, and an interesting account of their observations will be found in the report of the Superintendent of the Naval Observatory.

The Rear Admiral commanding the station has visited the Sandwich Islands during the last summer, for the purpose of communication with our Minister, and looking after American interests in that locality. He has been also charged with the superintendence and completion of the surveys of the Midway Islands, for which, and for the purpose of removing obstructions, Congress made an appropriation at its last session. The department has entered into a contract for the execution of this work with Mr. George W. Townsend, of Boston.

The naval operations on the Pacific for the last year will be found, together with those on the other stations, detailed at length in the statement entitled "Operations of fleets," attached to this report, and, without repeating it here, I will only say that, though the arduous duties of the stations have been well performed, covering the extent from Alaska to Cape Horn, and including the islands of the Pacific, it still is evident that our force in the Pacific is inadequate for the duties required of it.

Our trade on that ocean is constantly and rapidly increasing, and our citizens are found located everywhere on its shores and among its islands. All the groups are visited by our whalers, and many Christian missionaries, who are entitled to the protection of our government, are scattered among them. The regions of the South Pacific have not been visited by an American vessel of war since the exploring expedition under Captain Wilkes; and the great Polynesian Archipelago, holding out many inducements to our commerce, has been partially explored and surveyed. Applications come constantly from our ministers and representatives on the Pacific, urging the necessity of sending vessels to various ports, but we are rarely able to respond to their appeals.

The sloop of war Kearsarge was sent to make a limited reconnoissance of the Pacific Islands, with orders to extend her cruise as far as Australia, where she was last heard from. The satisfaction caused by the appearance of this vessel at the points where she touched, gives a true and high idea of the value of such cruises.

The Jamestown was subsequently sent with orders to visit the Feejee Islands and the Caroline Group, for the purpose of investigating reported outrages on American citizens, and looking after the interests of the United States in that quarter.

The department trusts that it may soon be able, with the appropriation and assistance of Congress, to meet more fully the requirements of this station.

THE EUROPEAN SQUADRON, under command of Rear Admiral Radford, has been reinforced by the Juniata and Supply, and the Sabine has been attached to it for the present; it consists now of these vessels, with the Richmond and Plymouth, and the Franklin as flag-ship—six (6) vessels, mounting one hundred and six (106) guns. This is, of course, but a small force for a station so conspicuous and important, but we have not been able further to increase it. As soon as the resources of the department will permit, this squadron should be largely strengthened.

THE ASIATIC SQUADRON consists of the Piscataqua, (flag-ship), Oneida, Monocacy, Iroquois, Ashuelot, Unadilla and Maumee, and the Benicia, Colorado and Alaska are also fitting out for that station, making in all ten (10) ships, mounting seventy-two (72) guns. It is commanded by Rear Admiral Stephen C. Rowan. I regret to say that three (3) of these ships have been condemned as entirely unseaworthy, unfit for cruising except in rivers, and unsafe to be sent to the United States; and, as there is no opportunity of repairing them in those waters, the admiral [illegible] recommended that they be sold on the station. The department has therefore directed that, when it shall no longer possible to use them with safety, their armament and stores be removed and sent home, and the vessels themselves sold to the best advantage. This order has already been carried out in the case of the Aroostook, which was also condemned.

The completion of the Pacific Railroad must largely increase our intercourse with the East, and as has presence of a strong naval force constitutes our most powerful appeal to Asiatic respect. It is deemed advisable to keep on this station as large a squadron as possible, not only for the protection of our citizens, but to increase the prestige of our representatives in that quarter.

During the civil war in Japan the presence of our war vessels was felt to produce a very beneficial effect; carefully observing a neutral policy themselves, they gave security to our citizens and prevented much threatened injury to American interests. Rear Admiral Rowan has been directed to afford every facility at his command to our citizens who are endeavoring to obtain from the Chinese government permission to lay an electric telegraph. Should they obtain the desired permission, an officer will be detailed to represent the United States in the undertaking.

Elsewhere on this station every attention, within the limited means at command, has been given to American interests. The squadron has been constantly employed to its fullest capacity. Every effort is being made to reinforce it with efficient vessels as fast as they can be fitted out, but we shall not be able with our present means to give it the strength which the station requires.

INCREASE OF OUR FORCE ON FOREIGN STATIONS.

Such is the condition and employment of our navy at the present time, differing from what it was at the commencement of this administration, only in the advance of the ships and material on hand from a state of deterioration to a condition of efficiency and improvement.

This, while it was all that the Department could do under the present authority and appropriations, is by no means all that I conceive to be necessary for the safety of the great interests involved, or even for national defense in time of danger. The service needs, and the position of our country requires, a great increase in the effective force of the navy; not so much in the number of the ships that constitute it as in the number and character of those employed. I recognize the necessity for close economy in expenditure under the present circumstances of the country, but the naval expenses make but a small part of the national appropriations, and the true wealth of the country will not be increased by neglecting the means of national safety and honor, nor money saved by refusing adequate protection to commercial enterprise.

In a country peopled like ours, and separated by the sea from powerful neighbors, we need, in time of domestic peace, only the organization and nucleus of a land force; but with the prosperity which follows domestic peace comes the demand for protection to the commerce which it fosters and the wealth it accumulates.

Our prosperity, either as a producing or as a manufacturing people, is measured by our commerce with countries beyond the sea and wise statesmanship and true economy alike require adequate protection for this means of national wealth, both on the ocean where it is employed and in the ports where it is organized and whence it issues, and in which its immediate returns are accumulated.

We have already opened steam communication between Europe and the East across our continent and through our ports on either ocean. In this age time is an essential element of wealth, and we may reasonably expect that the route which connects the trade of the East with the markets of Europe in forty days will, if fairly fostered and protected, practically supersede that which consumes twice that period. The nation controlling the trade of the East has always been the leading one in the commerce of the world, looking to the East as the source of national wealth and maintaining a powerful navy for its protection. As our trade in this direction increases, we should gradually prepare to protect it on the waters of both oceans, and our responsibility will be largely increased, as we shall be able to open, under the auspices and protection of our government (and we cannot commit it to any other), ship communication across the great isthmus.

To afford reasonable protection to our commerce we must have some ships able to cope with those of other maritime nations. Our navy, during the war, assumed large proportions in respect of numbers and expense, and it was effective for the occasion against an enemy having little naval power; but it was made up largely of vessels purchased or built to meet the emergency. A large proportion of it was not adapted to cruising purposes, and, with the exception of the monitors, which were not built as sea-going vessels, it would have been almost powerless against such fleets of sea-going iron-clads as either England or France could bring into action, on the ocean, or on our own shores.

It is the habit of every foreign nation, making any pretension to maritime power, to keep on every station one or more powerful sea-going broadside iron-clads, against the force of which our wooden vessels on the same station would be powerless. In the event of a war our ships would be uselessly sacrificed, or obliged to find safety in neutral ports, or abandoning the sea, and leaving our commerce to its fate, to seek on our own shores the protection of our monitors and forts.

It is not doubted that any war with a foreign enemy must be a maritime one. The American people are accustomed to success on the ocean and they would have little cause, and less inclination, to forgive a policy which, at the first sign of a foreign war, sent our navy hurrying ignominiously to our shores.

Yet we have not, at this time, on any foreign station, a squadron whose combined force would avail for a day against the powerful sea-going iron-clads which both France and England have on the same stations.

These are not agreeable facts to contemplate, or to state but, after giving the subject much investigation and reflection, I have felt it to be my duty to state the truth frankly through you, to the representatives of the people, that they may determine how much and how prompt action the situation requires.

It is true our best monitors would, if brought into action, be powerful against anything that floats, but these are steam batteries, not sea-going cruisers. Some of them have illustrated, by successful experiment, their capacity for a sea voyage under favorable circumstances and the department has, for want of any more available force, lately put some of them in commission for duty on the home or North Atlantic station, but they could not be used with advantage as cruisers on foreign stations. They require several vessels to accompany them, and, being entirely without sail power, must be towed as soon as their coal is exhausted. They would be always dangerous to health in tropical seas; and with broken or disordered machinery they would be helpless in mid-ocean.

They are valuable for auxiliary defense of our own shores, but should not be relied upon beyond them.

A cruising vessel, suitable for our requirements, should be able to depend upon her own resources without looking for aid other than that she carries within herself. She should have ample steam power to carry her rapidly in chase or in action, and should possess at the same time the qualities of a first rate sailing vessel, able to keep the sea at will without consuming her coal. She should carry a broadside battery of heavy guns and be herself impervious to the heaviest ordnance afloat.

England and France, rivalling each other in ingenuity, energy and liberality in this direction, have both succeeded in constructing some beautiful specimens of iron-clad sailing vessels with auxiliary steam power effective for every warlike purpose and able to keep the seas under all circumstances. They have high speed and one of them would be a terrible foe for a squadron of wooden vessels. In the meantime we have built no ships of that kind, but we have watched with interest all the naval experiments of Europe, and, familiar with their details and results, we know their strength and their weakness.

Under these conditions, we can be sure that every step we take is a wise experiment of a real improvement. The time has come, I think, when we should begin to use the knowledge we have been seeking; and I therefore urge the propriety of commencing at once the building of iron-clads, suitable to cruise on foreign stations, and able to protect our commerce and vindicate our principles in any emergency. We should aim to have one or more of these ships on each foreign station and to be prepared with the necessary reliefs. This will ultimately require no less than ten in all and, without attempting to build them all at once, we should (admonished of the urgency of the case, and of the time necessarily consumed in their construction) commence immediately on no less than four—one for the Asiatic, one for the Pacific, and two for the European squadron—following these, as rapidly as circumstances will admit, with those necessary for the other squadrons and their reliefs. I recommend that plans for the boilers and engines of these vessels be submitted by persons outside of the navy, the best of which may be adopted.

These with some additions to our wooden vessels, and the refitting on the plan adopted, and the proper employment of such effective ships as we now have, and with our monitors and torpedoes for harbor defense, will give us the nucleus of a navy, not, indeed, proportioned to our commerce or approaching the force of other maritime powers, but sufficient to command respect abroad, and to afford time, in case of sudden war, to organize and apply the resources of our country and the energies of our people.

For your further information and that of the representatives of the people on this subject, I herewith transmit, in the paper entitled "Mercantile and naval tonnage," a detailed statement of our mercantile and naval tonnage, and the relation which it bears to that of some other maritime powers.

On the 30th of June, 1869, while our ships of war in commission numbered fifty-seven, (57,) mounting five hundred and ninety-two (592) guns, with a tonnage of fifty-five thousand four hundred and fifty-five, or only about one eightieth (1-80) of our whole mercantile tonnage, those of France in commission numbered one hundred and fifty, (150,) and had a tonnage of two hundred and fifty thousand (250,000) tons or one-eighth (⅛) of their mercantile marine, and those of England in commission numbered one hundred and ninety-one (191) vessels, mounting twenty-five hundred and sixty six (2,566) guns, and had a tonnage of three hundred and twenty-eight thousand six hundred and fourteen, (328,614,) or one-seventeenth (1-17) of their mercantile marine.

This comparative statement represents our commerce in its present depressed state.

Both France and England, since the date at which the comparison is made, have added largely to the number and power of their respective naval establishments, but we have not increased, nor until very lately even preserved ours.

HOME DEFENSE.

But the subject of protection to our commerce and influence on foreign seas, by no means comprehends all that the department feels called upon to represent in connection with the question of the size and character of our navy.

The matter of national defense is still more important, and comes home as closely to the interest and the pride of the whole people. Any comprehensive plan of a naval establishment must include some practical provision for the defense of the numerous seaports scattered along our coast, and the great rivers and bays on whose shores are concentrated so much of the national and individual wealth.

Our monitors have been already alluded to as a ready and effective means of harbor defense, and this they will doubtless be, to the extent of their number and capacity. But, unless completely and certainly invulnerable, they are comparatively useless, and we must, therefore, keep pace with the late improvements in ordnance. Most of them are capable of bearing the additional armor necessary to give the strength required, but this will of course require a new and considerable outlay of money.

TORPEDO CORPS.

Another comparatively inexpensive, but most effective means of defense, has not escaped the attention of the department. I refer to the *submarine torpedo*. The terrible destructive power of this instrument was shown during our late war. Since that time considerable attention has been given to this subject by officers of the navy, particularly by those stationed at the Naval Academy.

Shortly after my appointment as head of the department, a torpedo corps was established under the Bureau of Ordnance to make experiments, take charge of the apparatus, and perfect a system for the application of this means of defense to our coasts and harbors.

This is, of course, not a subject for public illustration, but enough experiments have already been made to show how valuable, as well as terrible, is this means of defense; and to convince all having knowledge of it that when it shall have been further perfected, and its use systematized, the torpedo will be one of the most effective weapons of marine warfare. To insure safety and success in their use under every condition requires a knowledge of the scientific principles applicable to their construction and use, with an intimate acquaintance with the localities to be defended. The torpedo corps has therefore been selected with care, and experiments are conducted under the supervision of an officer of scientific ability. As soon as a torpedo is constructed and the particular locality and manner of its use determined it can be stowed away as an inexpensive but most effective weapon of war.

This means of defense, properly applied in conjunction with a system of harbor obstructions, backed by monitors, and supported by the forts and water batteries which command the narrow entrances to our principal harbors, would defy any power which could cross the ocean to attack them.

These localities have been the subject of careful inspection by both branches of the military service, and both are thus prepared with the knowledge which only actual inspection can give.

I commend this subject through you to the attention of Congress, and I trust they will afford the means to pursue and perfect the system.

In the paper herewith transmitted, entitled "Plan of naval establishment in time of peace," will be found a detailed statement of what is believed to be the most economical and efficient organization of the force necessary.

This force, there estimated as low as one-fiftieth (1-50) of our mercantile marine, or at about one gunboat of six hundred tons to sixty thousand tons of commerce, is less in the number of ships than that which we now have.

To carry out the suggestions I have made, both for foreign and home defense, will not of necessity entail a very heavy immediate expense. It will be seen by the report of the board on steam machinery before referred to, that we have now on hand a large number of costly vessels and a vast amount of expensive machinery, not adapted to the naval service and comparatively useless in its reorganization. By the sale of these articles as rapidly as it can be done to advantage, a large proportion of the cost of the proposed improvements can be ultimately repaid to the treasury.

Besides, by making our force more effective in character and organization, we shall be able to keep a less number of vessels in commission in proportion to our coast line and commerce, and expense will be decreased by the decrease of the number of ships, men and officers employed.

These means with the proposed annual saving in the use of coal, should quickly reimburse for present outlay.

OCEAN STEAMERS.

There is another element of defense against the time of danger, perhaps as effective as any other, available to wise and liberal statesmanship. Nations, like men, hesitate to attack those who are prepared to do them serious injury, and in the means of destructive aggression is often found the surest defense against all who have anything to lose. Such means would be at hand, if we had lines of ocean-going steamers established, running out of ports in peaceful pursuit of commercial enterprise, but carrying our flag, and available to our government in time of need.

The attention of thoughtful men has been much directed to this subject, and all are looking to the national government for encouragement. To provide and protect the great means of commercial intercourse, both domestic and international, is one of the direct purposes of government, for which it is established, and to which its resources may properly be directed. Enterprises of such magnitude are undertaken at great expense and risk of capital. Important elements of the public wealth and prosperity, they are, in their nature, subject to the vicissitudes of public policy. They thus assume a national character, and are, I think, the proper subjects for government aid and direction.

It will not become me to discuss in this report the many arguments of national prosperity and public welfare which press the subject upon us, but I may be permitted to urge it as an important element of national safety. In support of this view, I call attention to the fact that there are now running from the ports of New York, Boston and Baltimore for those of Europe, over sixty [illegible] powerful screw steamers, averaging nearly three thousand [illegible] tons each. These steamers, carrying the English and French and German flags, are, most of them, the results of wise liberality on the part of their respective governments and they now absorb a very large proportion of the carrying trade across the Atlantic. Their average time in crossing, to and fro, in all weathers, is not more than eleven days. Any one of them could be quickly converted into an efficient and powerful ship of war, capable of carrying full [illegible] power and keeping the sea for any length of time. Here, then, is a heavy tonnage of possible war vessels, larger than that of our whole navy on the 1st of January, 1869.

But our mercantile marine possessed such lines at the breaking out of the late war, we might, instead of permitting the rebels to introduce a vast amount of war material before we could collect the means to prevent it, have quickly closed every Southern port.

A comparatively small force of this kind, appropriately armed and let loose on the ocean, under the command of bold and intelligent officers, would be a dangerous foe to the commerce of any country. Our own was substantially driven from the seas by two or three roughly equipped vessels, much inferior in power to those of which I have spoken. Thus it will be seen that in giving up this field to the occupation of other nations, and yielding to them the commercial advantages which naturally belong to our own position and resources, we at the same time replenish our own weapons and arm our possible enemies.

We are looking with confidence for a large increase in the commerce of the East, which will require a corresponding increase in the present means of rapid transportation on both oceans; and, in the interest, simply of the naval establishment and of so much of the national defense as depends upon it, I earnestly urge that measures be taken, at this juncture, to induce our own merchants and ship-builders to enter into this field of enterprise.

Inducements should be held out to those who are willing to undertake it, to build steamers on plans approved by the Navy Department, subject, in case of necessity, to be taken by the government at an appraised value.

Those on the route between California and Japan should be able at all times to protect themselves against pirates and privateers, and all should be of a class available in war.

I do not, of course, suggest any particular plan on this subject, and I speak of it only to show how much the naval establishment, in common with every other national interest, will be affected by its proper solution.

NAVY YARDS.

Among the most important elements of a naval establishment are the yards where its material is collected, and its ships built, repaired and equipped. When these are not of a character to enable this work to be done well and rapidly, the establishment is weak in an important point. The great maritime powers of Europe have immense establishments, built and maintained at great expense, and furnished with every means for the rapid construction and fitting out of their fleets.

The first official act of my immediate predecessor was the appointment of a board to examine and report the condition of our yards, and I have myself visited and inspected most of those on the Atlantic coast. They are generally of small capacity, and ill adapted to meet the requirements of modern naval construction. Some were established at a comparatively early date, apparently without providing for the future, and are not, in their present position, susceptible of much improvement and others, though of larger capacity, are at present poorly supplied with the means of rapid work.

We have seven regularly established navy yards. Not more than four of these are capable of fitting out more than two or three vessels at one time. In all, we feel the want of more docks. In our seven navy yards we have but three dry docks. This want would be severely felt in time of war, as the floating docks used by the mercantile marine are not suitable for taking a heavy armored ship out of the water; and nothing is really safe for a vessel of war but a regular dry dock, into which she can enter with armament and stores on board, without straining or danger.

While I mention these things as a proper subject matter of report, I do not, at this time, propose any large expenditure for the improvement, in these particulars, of the yards in actual operation on the Atlantic coast. They are generally available for the present, and the most pressing need is elsewhere.

The report of the board appointed to examine the condition of the navy yards is herewith transmitted. It will be found to be very instructive, and to the information and suggestions therein contained careful consideration should be given. Never before has so much and such accurate information on this subject been in the possession of the department.

There are a few points, however, to which I desire to direct particular attention.

Pensacola.—The first is the necessity of some action for increasing our facilities in the Gulf of Mexico. The yard at Pensacola was so far destroyed during the war as to be now almost wholly useless, and we are without a depot on the Gulf where vessels can be refitted. The station, which includes the West Indies and the Gulf, is one of great and growing importance. In the present condition of things, a vessel on that station needing any repair is obliged to be sent to the navy yards of the North.

Mare Island.—The navy yard at Mare Island is our only yard on the Pacific coast, and on it we should be able to depend for the maintenance of our whole fleet on that ocean and in the East. This yard is very favorably situated, of large capacity and capable of being made the great naval station of the western coast. Much loss of time and money is incurred in sending ships around Cape Horn, and prompt measures should be taken to establish at Mare Island a working yard and depot of naval supplies sufficient for the building, furnishing and refitting of our ships in the Pacific.

League Island.—The third point, pressing on this subject is the necessity of commencing at once to prepare our great fresh water naval depot at that part of the Philadelphia station known as League Island. This is not only desirable in view of the present condition of the yard at Philadelphia but is rendered necessary by the present character and future necessities of the navy.

Ships are, of course, better constructed and equipped at large establishments, possessing complete accommodations and facilities for the economical arrangement and application of material.

The great defect in the situation of most of our yards is their want of land area and available water front sufficient to do even their present work to advantage.

This is particularly the case with that portion of the naval station at Philadelphia where the work is now done. The water front of the present working ground is so small that four ships can hardly lie there without being in the way of each other. Buildings and machinery of every description are cramped and crowded together, interfering with their proper use, causing great expense of both time and money, and from the close proximity of workshops and inflammable material, exposing the whole to great risk. In case of fire nothing but the most favorable circumstances would prevent a general destruction of everything in the yard; a great vigilance is required and constant expense incurred to guard against a general conflagration of houses, ships, and materials.

Moreover, this portion of the station is situated in the midst of a great city, stopping its growth in one direction and interfering with its improvement and itself subjected to all the inconveniences incident to its position as an independent establishment in the midst of a municipality with adverse interests and under different government.

Like difficulties have been felt at the Brooklyn yard, but those at Philadelphia are much greater. These inconveniences in the working of a station of such absolute importance as that of Philadelphia are most serious. They are great at all times, and they will be more severely felt as iron comes as must now be the case, to be more generally used as a material for naval construction. In view of the necessity of fresh water for their preservation, the Philadelphia station is, for the repair and ordinary of iron ships of every class, far the best, if not the only practical one on the Atlantic coast. Situated on a great fresh water river, one hundred and twenty miles, by its course, from the sea, in the heart of a populous country, at the great centre of iron and coal, and with water sufficient for the draught of the largest ships, it presents at once every condition of convenience, economy and defense.

The only difficulty for the present and for the future is found in the size and situation of that part of the station which we are now, for want of legislative action, obliged to use as the working yard.

I should not feel authorized to speak so strongly on this subject were it not that we now actually own, as a part of the same general station, this island, of an area of six hundred (600) acres, between the lines of mean low tide, cut off by navigable water from the main land, with a water front on the Delaware alone of two and a half (2½) statue miles, with a depth of thirty (30) feet, and with great natural facilities for basins and docks, enjoying all the advantages before enumerated, and subjected to none of the inconveniences experienced at that portion of the station now in active use.

This position was approved by the department after close investigation by officers of every class and the land itself, the gift of the city of Philadelphia, and purchased by her at great expense as a measure of relief to herself and to the government, was given and accepted with the idea of transferring to that point all the naval operations of the station. This, the department has been and is anxious to accomplish; but it needs an appropriation for the preparation of the new yard, and without this it cannot move.

In the meantime it would be foolish for the department, even if it felt authorized, to expend money on the permanent improvement of the present working yard at Philadelphia; and nothing can be done either in the rearrangement of buildings or the providing of the improved tools and machinery proper for the work required.

The annual expenses of this yard are, for these reasons and those before given, much increased; and it is not doubted that the savings from this source and from the expense now incurred of maintaining two establishments, with the money which can be realized from the judicious sale of the land now occupied in the heart of the city, will go very far towards repaying the expense of establishing the yard at League Island.

I trust, therefore, that authority, if it be necessary, will be given to the department to transfer the working yard of the Philadelphia station to League Island, as rapidly as is consistent with the interests of the service, and to dispose of the present yard as portions of it shall be vacated; and that an adequate appropriation will be made for the work necessary to be done before any part of the present yard can be sold.

The survey of the island, and a plan for its improvement, is herewith transmitted.

New London.—Eighty-three (83) acres of land on the Thames river, near New London, were some time since given by the State of Connecticut, and accepted by the Government, with a view to the establishment of a naval station at that place.

In conformity with this understanding the department has placed a proper naval officer in command there, but it is able to do nothing towards actually establishing the new station without an appropriation for that purpose.

The land referred to is well situated on the bank of the Thames river. It is favorable, in its general character, for the object designed, and it has a water front of fifty-two hundred and eighty (5,280) feet, running back from the river six hundred (600) feet, and a depth of water in the channel of over thirty (30) feet.

It is situated in the midst of an industrious community, whose labor is skillful and cheap, and on a fine harbor easily accessible in all weathers and from almost every point.

This land was, as I have said, given and received for the purposes of a new naval establishment, and in this spirit the Department presents it for the consideration of Congress, and such appropriation as present circumstances may warrant.

Other Yards.—There are two other points which require consideration and action as soon as the condition of affairs will admit.

The first is the propriety of increasing the size of the yard at Gosport, in Virginia. This yard is in a most favorable location, with a beautiful harbor easily defended. The ground adjacent to it, running up the river, could be purchased on better terms now than is likely to be the case again, and would be very valuable, giving the government the land on both sides of the channel.

The other is the very great convenience and economy which would ultimately result from the establishment of a navy yard, for repair and refitting at least, somewhere on our Southern Atlantic coast. All our ships cruising in the West Indies and South American waters are obliged to resort, at great disadvantage, to our northern yards for all needed refitting and repair. Though this subject does not at this time press with as strong a necessity as many others, yet it is of great importance, and may become much more so in view of a possible ship canal through the Isthmus, and the consequent great increase in the trade and importance of the West India Islands.

Many improvements, and some ultimate changes, are required in other yards, the particulars of which will be found in the report of the chief of the Bureau of Yards and Docks, herewith transmitted. In connection with the navy yards, I desire to call attention to a matter which, though not of great national importance affects seriously a large class of deserving persons. The act of July 18, 1862, prohibits in effect the payment of any wages to workingmen except "for the time during which they are actually engaged." This provision, which does not interfere with salaried employees, seriously affects workingmen who are ready to work, but are deprived of the opportunity, on each of the many recurring days of national mourning or ceremony.

This, though apparently a small matter, is of real importance to those who are dependent upon the wages they receive each day for the daily support of their families, and who, by reason of their engagement with the Government, are deprived of other employment. I trust the law will be so modified as to permit the department to make the workmen some allowance on days of unaccustomed and compulsory leisure.

TIMBER LANDS.

I also call attention to the lands reserved by the Government for the supply of timber to the navy. From this source we drew our supplies of live oak in former times. No adequate protection has been given to it of late years. Much of it was destroyed during the war; and of that which escaped, large quantities have been indiscriminately cut by trespassers and sold to the government. This timber is of the greatest value, and its loss cannot be again supplied. Once destroyed, we have no other timber to take its place. The old "Constitution," built of this material more than seventy years ago, is still in commission, with half her more important original timbers in her, while fleets of white-oak vessels have long since gone to decay. It must not be supposed, that with the use of iron in ship building, the necessity for indestructible timber will no longer exist. The fact is that it must still be used to a great extent in the construction of sailing vessels, even though built of iron. From it are made the immense frames which are built to support the iron, and give buoyancy to the ship.

The supplies of seasoned timber laid up in our yards have been almost entirely consumed, and we should take every means to preserve and secure that which remains on the government lands.

The department has lately detailed an officer to look after these lands, but nothing but stringent laws, strictly enforced, will secure the remainder of the old timber and protect the new growth.

NAVAL ACADEMY.

The standing of the Naval Academy continues to be maintained. The system of mental and physical training there pursued is of the highest order, covering every branch of practical and professional knowledge, and fitting the student for all the varied duties of his profession. The graduates bring to the service minds disciplined and enriched by regular and well directed study, and bodies strengthened by manly exercise. In mental and physical accomplishments, in tone and spirit, in character and capacity, they do honor, as a class, to the institution and to the country.

No change has been made in the system of education since the last report. The number of graduates at the close of the last year was seventy-five; the number of those admitted during the present year was eighty-six; the total number of midshipmen now at the Academy is two hundred and forty-eight. The Vice Admiral, for the last four years in charge of the Academy, and who has inspired it with the energy of his own character, has been this day relieved by Commodore John L. Worden, who takes charge as Superintendent.

The report of the Superintendent for the last year is herewith transmitted.

SEAMEN AND PETTY OFFICERS.

But it is not worth while to maintain expensive navy yards, build fine ships, and carefully educate our officers of higher grades, unless we pay closer attention to the character and training of our petty officers and seamen.

The naval service everywhere presents conditions of life, duty and discipline differing from those of every other pursuit.

The nature of naval operations, and the circumstances under which they are performed, require and produce these conditions among every people and under every form of government. They combine to establish a distinct class, with strong features of resemblance all over the world, and everywhere differing from the body of the country they represent. The best characteristics of this class, both officers and men, are clearly the results of discipline, training and traditions of the service in which they have been reared; and wherever these traits are most distinctly recognized, there the service is ever most efficient.

We, in common with all other maritime nations, have established schools of instruction and preparation for officers, and have produced as a result a corps which will compare most favorably with any in the world.

But we have neglected and are neglecting the means necessary to bring forward, educate and attach to our service a competent and efficient body of American seamen.

I deem it absolutely necessary for the maintenance of the high character of our naval service that some well defined system, calculated to create and secure a class of petty officers and skilled seamen, upon which the navy can rely to man its fleets in time of war, should be at once adopted, and carefully and rigidly applied to the service.

England and France have long since recognized this necessity, and each, though in different form, best suited to the character of their governments, has successfully provided suitable plans to accomplish the desired results. We can profitably study and learn much from the practical workings of both the French and English systems.

England, with a navy many times larger than ours, by means of her training ships, continuous service, good conduct badges, long service medals, gratuitous outfits, longevity pay, and liberal pensions, has now a full and unfailing supply of excellent seamen during peace, and an adequate reserve to draw from in time of war.

France, with a naval force in time of war quite equal to that of Great Britain, has her maritime conscription, suited alone to that country, but which fully supplies her navy with good men.

Beyond the "honorable discharge" which seems to have been bestowed indiscriminately hitherto, and a half-way pension, our navy holds out no inducement for sailors to ship, especially while the merchant service tempts them with increased pay, more liberty, and the chance of promotion to the positions of petty officers.

It is necessary to devise some further means by which to make our naval service popular with seamen, and to enable us to expand adequately in case of war.

Of late years great attention has been paid abroad to the training of boys for seamen and petty officers. The system adopted has been long enough in operation to enable its full benefits to be understood. Both England and France are now reaping its advantages, in the possession of a fine body of petty officers and leading seamen, who, reared in the navy from their youth, are familiar with their disciplines and its traditions, who belong to the service as much as do the officers, and who look to it as their occupation for life.

On several occasions we have attempted to introduce the apprentice system into our navy, but it has never made any great headway. Never properly fostered and encouraged, it was diverted from its intended object and latterly substantially broken up by the law limiting the number of seamen in the navy to [illegible]

The importance attached abroad to the training of boys for the naval service is manifested by the number of vessels employed for that object. England has thirty-one national vessels devoted to the purpose of nautical education, aiming mainly at obtaining good petty officers and seamen. It is only the most intelligent and enterprising of the naval apprentices who work their way to the positions of boatswains and gunners, the extent of their ambition.

I would not blindly follow the example of any nation, but some attention should be given to the subject of bringing the personnel of our navy up to a higher standard.

In the French navy the crews are native born, and in that of England they are made up of English and Americans, while the cosmopolitan character of the crews of some of our ships shows the native element poorly represented.

It is important that a navy so small in number as ours should contain superior material of all kinds.

Those "waifs of the ocean" who are now in any navy, and now in any merchant service, have little or no love of country, or feeling of attachment for the flag. They are only held in the service by the slender tie of temporary convenience, necessity, and subsistence, often sundered by desertion or discharge, never to be renewed. This class now so exceeds and preponderates over that known as our "old-man-o'-war's men" as to give a very undesirable character to the service.

For the improvement of the personnel of the navy, I would suggest that some plan be devised to attach permanently to the service the best men now in it, fast falling away through carelessness and neglect, and to raise up and educate a new class of men for warrant and petty officers; aiming to secure by this means a sufficient number of native-born seamen to supply current wants, and to have a large reserve always ready for emergency.

In our coast squadron, suggested in the plan of naval establishment hereto annexed, we should endeavor to combine a training school and a fleet for home defense—familiarizing our officers with our coasts and harbors, and providing a disciplined corps of petty officers and seamen to man our iron-clads for coasting defense at the shortest notice. This squadron would also form a reserve from which our ships could be manned as they were fitted out for service abroad.

It is also highly important that some plan should be devised by which all seamen belonging to the United States may be "registered" in such a manner that they could, in time of war, be at once designated and called upon. Notwithstanding all the laws enacted for their benefit, and the "protection" they receive, the United States government has not control over our seamen in time of war. A civilian may be enrolled in the militia, and is subject to call, but no authority exists by which a sailor could be called to go on board ship to protect our harbors, were an enemy thundering at our gates.

During the rebellion our navy required some sixty thousand men, and the government only succeeded in getting vessels to sea at great cost. Bounties were paid at the rate of three or four hundred dollars per man, advances made on pay, and local and State bounties added. The whole amounted, in some cases, to over one thousand dollars for a single seaman. The precedent thus established will be referred to hereafter. It therefore becomes necessary that some means should be devised to bring the seamen in this country to its protection in time of war. The people would not object to the payment of suitable bounties, and making proper provision for the family of the sailor, provided the government could certainly secure his services when required.

To this end every seaman on the seaboard and on the lakes should be registered, and means taken to secure their service to the country on some settled terms, in time of war.

I take occasion, in this connection, to draw attention to our mercantile marine, and to urge some action by Congress to protect our seamen from "runners" and "land sharks"—terms not inapplicable to a class of men engaged in furnishing seamen to merchant vessels. No class of men are more cruelly treated. The evil is on the increase, and a suitable remedy can only be furnished by national legislation.

The system adopted by law in England has the effect of securing for their mercantile marine the best British and American seamen, and leaving the worst to seek service elsewhere. The English law to which I refer has been in operation upwards of twelve years. One effect of it has been to abolish "boarding and shipping masters," who shipped drunken and worthless men. No seaman can now be shipped in the British mercantile marine unless he can show an honorable discharge from his last ship. This rule is strictly enforced. Under the operation of this law, our native-born seamen are largely leaving our merchant ships and seeking service abroad, where they get better pay and have better association. This is a matter of great importance to us, as it directly affects our commercial interests, as well as the material from which we are to draw our naval force.

By adopting as far as practicable a system of registry and enrollment for active and reserve seamen, indeed, if need be, by liberal, periodical advance of clothing and money, and a judicious system of "furloughs" and "pensions" "long service honors" and rations, and bounties when necessary, we may do much towards the speedy restoration of the personnel of our navy, and by adding to this a regular system of training for petty officers and first-class seamen, its ancient prestige and glory may be maintained and increased.

NUMBER OF MEN.

Great inconvenience has been experienced from the restriction of the number of men of all classes in the service to eight thousand. This number was required to man the ships in commission, and hampered by the law, the department could not provide men to be ready for relief when needed. Crews had to be discharged before those who were to take their place could be enlisted; and ships ordered home from their stations before the manning and organization of those which were to relieve them.

The loss of efficiency through this is readily seen, and the inconvenience will be more severely felt if the number of our ships in commission is increased.

The estimates for the next year are made on the basis of twelve thousand (12,000) men, as the smallest number for the proper performance of the work required. I trust that this increase will be authorized.

INTER-OCEANIC CANAL.

The great importance of the construction of a ship canal across the Isthmus of Darien has been constantly before the attention of the department. Now that the Suez Canal has been opened for navigation, we are doubly stimulated to such efforts as will lead to the success of our own great enterprise. It is scarcely necessary to offer argument upon the value of such a work in its effect upon commerce, and, through commerce, upon civilization throughout the world. The public mind fully accepts and appreciates its value. But we have reached the utmost limit of utility in the mere study and discussion of the subject. The time has come for action in the field; and we are well informed as to the direction which this should take.

The successful surveys hitherto made on that part of the great isthmus lying between Tehuantepec on the north, and the province of Choco on the south, have furnished us with valuable information. Several of these have been accompanied by projects for an inter-oceanic canal, which have been for a long time before the world. The best evidence of their inability to command public confidence, is that not one of them has been carried into execution, although several excited hope, and were received with favor. It is clear, therefore, that until we know the whole ground, we shall never be able to determine the best route. When that route is known, the most thorough examination of the ground will alone serve to settle the question of feasibility so far as that question depends upon cost. It would be matter of lasting regret, if the people and government of the United States were anticipated in this great work. Investigations should be at once commenced and directed to that part of the isthmus of which we are still almost wholly ignorant.

The department is preparing a plan of immediate operations, under the appropriation heretofore made, by which, it is hoped, valuable results will be obtained during the present season.

The first report of the officer in charge of this subject is herewith submitted.

ADVISORY BOARD.

At the last session of Congress a bill was passed through one house but not acted upon in the other, which provided for a board of experts to review the action of the bureaus, and to advise the Secretary in regard to the building, furnishing and equipment of the navy.

My attention has been directed to the subject, and I am of opinion that some system of the kind proposed would be of great value for the information of the Secretary, on matters purely professional, and for the purpose of harmonizing and concentrating the work of the various bureaus. These, under the system of independent action formerly pursued, were often antagonistic in their ideas and not unfrequently came into direct conflict with each other.

The provisions of the bill referred to, with some general modifications as to the composition of the board and the manner of its appointment, would, I think, meet the wants of the Department on this subject.

The board should, however, be wholly advisory, and without the power of interfering with the action of the Executive or its responsible representative.

RELATIVE RANK.

The subject of relative rank in the various corps of the naval service is one of much interest and some difficulty. Some of these corps are dissatisfied with their position under the law as it now stands, but there is no power in the department to change this, even should the propriety of such action be admitted by all. Rank can only be fixed by law. This subject, involving at the same time so many considerations of discipline, efficiency and feeling, is now pressing for wise and dispassionate legislation, having in view only the best interests of the service.

A board, composed of officers of high rank and long experience, representing equally the various personal interests involved, has been constituted by the department to consider and report some proper system for the regulation of this matter. Pending the report of this board I desire to express no opinion on the subject-matter of their consideration. Should they be able to arrive at a proper conclusion, the result of their labors will be at once communicated to Congress for their information.

RETIRED OFFICERS.

Much injustice to the many distinguished officers on the retired list is now done by the operation of the act of March 2, 1867, requiring the advance of all officers on that list, as their respective grades on the active list are promoted. Many officers retired years ago on account of the condition of their health, or for the good of the service, are now regularly promoted under this law, and take rank with those who have gone on the list disabled by service or covered with honorable wounds. Some of those formerly retired, by long service in other times or gallant conduct during the late war, well deserve the honor of their promotion; but it is not so with all.

The physical and mental condition of some officers renders their promotion worse than folly. It has occurred, that under the operation of the law referred to, the Department was required to send an appointment of high grade to an officer long ago retired as a midshipman, who had rendered no service since, and who, confined as a drivelling idiot in an asylum, could neither value nor understand the document which contained the expression of official confidence and favor.

It is hoped that this law will be so far modified as to leave some discretion in the application of its provisions.

In the year 1862, a board composed of Admirals who had commanded squadrons during the war, with Admiral Farragut as president, was convened by the Secretary of War, to report the names of such officers as they deemed worthy of advancement, under the act of April 21, 1864. The board, after careful consideration, made a report strictly according to the letter of their instructions, and their selection would, it is believed, have been satisfactory to the navy at large. The recommendations of the board were, however, not acquiesced in, and the advancement was made quite independently of their action. The result is that many officers consider themselves as unjustly treated, and a feeling of discontent exists most undesirable in the service. Some of the cases affected by this action have been already acted on by the Administration. But it is felt that the real merit of each case can only be properly judged of by those who were personally cognizant of all its circumstances, and that too many considerations would be lost sight of in the lapse of time to permit of direct action by the department without the risk of further mistakes.

It is suggested that the department be authorized to appoint a board of officers, removed by high rank from all personal interest on this question, to examine the cases complained of, and report their conclusions for such action by the Executive and Congress as to them may seem proper.

Promotion for distinguished bravery has hitherto been confined to a single class of officers. This is not as it should be.

Distinguished gallantry and good conduct in battle should be held to entitle any officer of any class who exhibits it to promotion in his corps.

NAVAL PENSION FUND.

The pension roll on the 1st of November was as follows:

1,3[illegible] invalids, annually receiving	$123,641 10
1,614 widows and children, annually receiving	267,458 00
Total 2,936 persons, receiving a total of	391,099 10

In the last report the then secretary of the Navy called the attention of Congress to the operation of the act of July, 1868, practically repudiating a portion of the interest on the bonds of the United States in which this fund is invested.

As the present trustee of the fund, I desire again to present the subject to their consideration, as exhibiting an attitude which seems to be unworthy of a great nation towards its defenders.

The report of the board appointed to examine and report upon the condition of the naval pension fund, and the laws relating thereto, is herewith transmitted.

EXPENSES AND ESTIMATES.

The sum of twenty-seven million eight hundred and eighty thousand six hundred and fifty-eight dollars ($27,880,658) was expended up to the 1st of December, of which amount seven million seven hundred and ninety-nine thousand three hundred and seventy-three dollars ($7,799,373) has been refunded to the treasury, leaving the actual expenditures since the last report, December 1, 1868, twenty million eighty one thousand two hundred and eighty-five dollars ($20,081,285.) The appropriations for the year ending the 30th of June, 1869, were fifteen million eight hundred and seventy thousand five hundred and thirty-one dollars and sixty cents, ($15,870,531 60,) a sum scarcely larger than that which was usually appropriated for the support of the naval establishment previous to the war, when our navy was comparatively small; before costly and expensive steam machinery was largely in use, and the great expense of fuel incurred; when labor and materials were far below the present standard, and the hours of work one-fifth greater. With the greatly increased demand for expenditure in every field of operation the actual returns for money are now scarcely one-half of what they formerly were.

It is presumed that the appropriations for the present year were controlled by the fact that some surplus then remained at the command of the department, and they did not really represent the understood requirements of the service.

The estimates for the fiscal year ending June 30, 1871, are based on a force of twelve thousand (12,000) men (an increase of one-third) as the very smallest with which the present navy can be operated to advantage, are as follows:

Estimates for the fiscal year ending June 30, 1871.

Pay of officers and seamen of the navy	$7,000,000 00
Repairs of buildings, docks, and incidental expenses in navy yards	3,722,494 00
Pay of civil establishments in navy yards, hospitals, &c	431,647 50
Ordnance	1,119,082 00
Coal, hemp and equipments	2,000,000 00
Navigation, and navigation supplies	262,500 00
Naval Academy	214,530 00
Naval Observatory and Nautical Almanac	30,800 00
Repair and preservation of vessels	6,975,000 00
Steam machinery, tools, &c	1,750,000 00
Provisions	1,415,200 00
Repairs of hospitals and laboratories	57,800 00
Surgeons' necessaries	53,000 00
Contingent expenses	1,530,000 00
Support of Marine Corps	1,069,627 87
Total	28,205,671 37

RESPONSIBILITY OF DISBURSING OFFICERS.

The laws regulating the responsibility of officers disbursing the money appropriated to the naval service are inadequate.

The department has endeavored to remedy this defect by stringent regulations, and the requirement of prompt returns; but further legislation on the subject is needed for the security of the government, and the attention of Congress is called to the subject.

There are many other subjects of local and general interest pressing upon the attention of the department, but for which I have not found place for special mention in this report. Some of them are particularly referred to in the reports of the several bureaus, and others will be hereafter communicated.

BUREAUS.

The chief of the Bureau of Construction and Repair estimates for current wants, and asks an additional and special appropriation to collect supplies of timber to be seasoned for future use.

The chief of the Bureau of Ordnance reports that, on the recommendation of a special board, deteriorated cannon and ordnance stores at northern navy yards have been and are being sold, and the proceeds deposited in the treasury. An estimate for thirty guns of fifteen-inch caliber is submitted. None other are required. He calls attention to estimate for filter depot, and to the question of additional magazines remote from cities and towns, and urges action at an early date. The interests of the country demand that every new improvement in ordnance or war materials should be carefully investigated, and, where shown to be valuable, speedily adopted. Temporary structures for magazines and workshops have been erected on Goat Island, near Newport, for the torpedo corps, and the sum asked for in connection therewith is deemed necessary.

The chief of the Bureau of Navigation states that additional apparatus is needed for the Naval Observatory, and special estimates for this is made and favorable action asked. In regard to the Nautical Almanac, it is suggested that almanacs of at least three years advance date should be supplied to vessels bound on long voyages, and considerable progress, it is stated, has been made to meet this want.

For charts and sailing directions the navy is mainly dependent upon foreign supply. An additional appropriation should be made to enable the hydrographic office, as soon as possible, to do away with this necessity. The bureau has already published valuable results from surveys made by our own vessels, and should be enabled to continue and perfect the. The army code of signals for general use, in connection with the present naval code, having been adopted, a department of that character has been established and is engaged in perfecting this branch of the service.

The apprentice system is regarded as having failed to accomplish the object desired, because boys are entered with the idea of becoming officers, and after the number allowed by law have been selected and admitted into the Naval Academy, the others become dissatisfied and useless. The chiefs of the Bureaus of Navigation, and Equipment and Recruiting harmonize in opinion that the law in relation to apprentices and minors should be amended.

The chief of the Bureau of Equipment and Recruiting details the operations at the several yards in equipping vessels for sea under the new rules now established. Vessels are now taken in hand as soon as put out of commission, completely refitted and equipped, and if not required for immediate use, properly stored. This practice promotes economy and efficiency. Attention is called to the Boston and Washington navy yards, and certain improvements in reference to rope walks and anchors are recommended. The insufficiency of the law in regard to contracts for coal and other supplies suggested. A modification of the law is also suggested, regulating the number of men in the navy, allowing an excess when specially required. The present law in regard to desertions should be so amended that a deserter may be apprehended at any time, and compelled to serve out his term of enlistment.

There is a lack of professional assistance to the Bureau. An officer not below the grade of commander should be authorized by law as an assistant to the chief of the Bureau.

The chief of the Bureau of Yards and Docks refers to the inefficiency of our navy yards, which was so painfully obvious during the rebellion, when the aid of almost every ship yard and machine shop in the country had to be called in. He also refers to the different yards in detail, and asks appropriations for their improvement, and in conclusion says "the appropriations asked are only for objects deemed indispensably necessary, no appropriations for the purpose having been made for the last three years."

The chief of the Bureau of Provisions and Clothing earnestly recommends that a supply of clothing be advanced to men enlisting free of cost; and suggests an increase in the ration in some particulars.

The chief of the Bureau of Steam Engineering reviews the condition of his department at the time he took charge. The appropriations available for the close of the fiscal year 1868-69 and 1869-70, together, amounted to about $[illegible]. Had the intentions of his predecessor been carried out, $434,088 would have been paid to contractors and $345,992 for tools and machinery—thus leaving only $80,000 for all the work of the bureau. By satisfactory arrangements contracts have been cancelled and some $150,000 reserved for more immediate necessities. The engines and machinery scattered about the country have been taken in charge and stored in the navy yards. Tools contracted for have been delivered, and arrangements made to defer payment until Congress should make necessary appropriation. The funds thus saved and rendered available have been devoted to the necessary refitting and repairing of the machinery of ships required for service.

All the yards, except Pensacola, have been inspected in their engineering departments. The Bureau has made no contracts for supplies for past and present fiscal years, owing to the smallness of the appropriations. The estimates for the next year for all objects under the bureau amount to $1,895,[illegible].

The chief of the Bureau of Medicine and Surgery submits the statistics of the number of cases treated, and various forms of disease prevailing in the navy, also a statement of the insane of the navy, and the condition of the naval hospital fund, the balance on hand October 1, 1869, being $428,825 25. Attention is called in detail to the repairs and improvements necessary at the several hospitals.

The commandant of the Marine Corps reports that on inspection, the corps is found in a high state of efficiency and discipline. There are 2,300 enlisted men in this service, 1,008 of whom are on board vessels in commission.

The marines are often called on to assist the civil authorities in the principal cities, and on several occasions during the present year have been thus used in New York and Philadelphia.

The estimates for the Quartermaster's Department of the Marine Corps show a reduction of over $112,000, as compared with the previous year.

All the bureaus urge the necessity for addition to their clerical force and in this the department entirely concurs. The reduction made last year in the working force is found to have been too great, and great difficulty is experienced in getting through with the active work of the department, greatly increased as it has been by the introduction of the new regulations and requirements of duty.

The present requirement of full reports and direct accountability in all subjects, and the system of personal review of the action of the various bureaus, has greatly increased the work in the Secretary's office proper.

Since the abolition of the office of Assistant Secretary, the office of Chief Clerk of the department has much increased in importance. As the direct representative of the Secretary in charge of all matters not professional in their nature, the work of this officer is one of large responsibility and very great labor. The duties have been well and promptly performed, and the estimated increase in the salary is recommended. Under the present allowance of but three watchmen for the whole department, the men are overworked and the building and archives are in constant danger of fire.

CONCLUSION.

I have thought it proper in the first report of your administration to explain fully the present condition of the naval establishment, and to point out, with some particularity, the general principles which I think should be adopted for its improvement.

In doing so, I have been led to discuss some questions of public policy which have relation to the field of naval service and which must be considered in judging of its present and determining on its future condition. I am not unmindful, however, of the fact that the present condition of the country demands the strictest economy in every branch of the public service; and many of the suggestions which I have felt it my duty to make, must be understood as pointing to that for which we should strive, rather than that which we may at once accomplish. With the necessary information and proper suggestions before them, Congress must be the final judge of what the situation demands and the resources of the country will permit.

What the department has done during its brief period of your administration is before you. Squadrons reorganized, ships refitted, expenditures reduced, economy required and responsibility enforced: this is what it has attempted. It must be left to your judgment, and to that of the country, to say if it has accomplished anything of its work.

For whatever has been done, simple justice demands that I should express how much we are indebted to the practical wisdom of my immediate predecessor, to the skill and exertions of the chiefs and officers of the several bureaus, and to the comprehension, energy, and ability of the distinguished officer, detailed by you for my assistance, to whom the department and his country are so much indebted.

GEO. M. ROBESON,
Secretary of the Navy.

The President.

APPENDIX.

LIST OF VESSELS REPAIRED AND REFITTED FOR SEA.

Agamenticus,
Alaska,
Algoma,
Algonquin,
America,
Ammonoosuc,
Albany,
Brooklyn,
Camanche,
Canandaigua,
Canonicus,
Catskill,
Chickasaw,
Cohoes,
Colorado,
Constellation,
Cyane,
California,
Congress,
Dacotah,
Dictator,
Fortune,
Frolic,
Galena,
Gettysburg,
Guard,
Guerriere,
Hartford,
Independence,
Jamestown,
Juniata,
Kansas,
Kickapoo,
Koka,
Lackawanna,
Lancaster,
Lehigh,
Mahopac,
Manayunk,
Manhattan,
Miantonomoh,
Minnesota,
Modoc,
Mohican,
Monadnock,
Monongahela,
Montauk,
Nahant,
Nantasket,
Nantucket,
Napa,
Naubuc,
Niagara,
Nipsic,
Ossipee,
Passaic,
Pawnee,
Pensacola,
Phlox,
Resaca,
Sabine,
Saco,
Severn,
Saranac,
Saugus,
Seminole,
Shawmut,
Shawnee,
Shenandoah,
St. Marys,
Suncook,
Supply,
Susquehanna,
Swatara,
Ticonderoga,
Triana,
Tunxis,
Tennessee,
Wabash,
Wassuc,
Waxsaw,
Winnebago,
Wyoming,
Worcester,
Yantic,
Yazoo.

Numbering 86 in all, including monitors and tugs.

EXHIBIT OF EXPENDITURE.

1869.	Amount drawn.	Amount refunded.	Amount expended.
March	$2,727,345 19	$1,093,112 91	$1,634,232 28
April	1,663,736 47	213,255 36	1,450,481 11
May	1,463,635 19	452,351 54	1,011,283 65
June	2,825,396 24	805,441 46	2,019,954 78
July	2,095,352 15	239,191 44	1,856,160 72
August	2,294,016 59	670,545 95	1,623,470 64
September	2,525,268 32	222,268 72	2,302,999 60
October	2,521,096 96	136,951 16	2,384,145 80
November	1,846,366 96	187,348 25	1,659,018 71
	19,962,214 57	4,030,465 78	15,911,747 29

PLAN OF NAVAL ESTABLISHMENT IN TIME OF PEACE.

The most efficient organization for a navy of the size and with the duties of our own, would be iron vessels, for coast defense, averaging each 800 tons	40
First class armor-plated vessels, for foreign service, averaging each 3,000 tons	10
First class wooden vessels, to act as flag-ships, not to exceed, each, 3,500 tons	10
Second class wooden vessels, averaging, each, 2,000 tons	20
Third class wooden vessels, averaging, each, 1,000 tons	25
Fourth class wooden vessels, averaging, each, 600 tons	55
Wooden store ships, averaging, each, 500 tons	6
Wooden receiving ships of 1,500 tons each	4
Training and practice ships, averaging 1,200 tons	5
Wooden gunnery ship, for the training of "seamen gunners," 1,500 tons	1
Sailing vessels to form a coast squadron, in which apprentices will be trained, averaging, each, 1,200 tons	8
Receiving ships for apprentices, averaging, each, 1,200 tons	2

This force would amount, in all, to 186 vessels, 24 less than we now have; and most of the vessels for the coast defense, and a considerable number of the wooden ships required for the various services, are already on hand.

MERCANTILE AND NAVAL TONNAGE.

	Tons.
There were belonging to the United States on the 30th of June, 1869:	
Registered sail vessels	1,310,344
Registered steam vessels	221,939
Enrolled and licensed sail vessels	1,929,798
Enrolled and licensed steam vessels	977,946
Total	4,440,027
To which add tons remaining of old measurement of registered sail vessels	33,449
Total	4,473,477
This tonnage is classified as follows:	
Atlantic and Gulf Coast.	
19,0[illegible]7 vessels of all kinds	2,974,974
Pacific Coast.	
964 vessels	196,512
Northern Lakes.	
5,300 vessels	695,604
Western Rivers.	
2,382 vessels	481,717
28,118 vessels	4,348,307
Whale Fishery.	
238 vessels	71,342
Cod and Mackerel Fishery.	
Enrolled vessels over twenty tons:	
1,467 vessels	74,762
Licensed vessels under twenty tons:	
748 vessels	9,065
2,215	83,827
Grand total	4,473,476

Mercantile tonnage of France is 2,000,000 tons.
Mercantile tonnage of England is 5,779,000 tons.

The French navy consists of 430 vessels, divided as follows:

Steam vessels 331, with 76,135 horse-power; sailing vessels 99.

Of these launched but still unfinished, 7 steam vessels, 710 horse-power; 31 steam vessels on stocks, 13,465 horse-power.

This fleet is subdivided into new fleet and old fleet. New fleet has 334 steam vessels; sailing vessels 70; and is divided into—

Armored ships of every class	50
Wooden fighting-fleet screw vessels	90
Steam flotilla	90
Transport fleet	75
Training ships for officers and gunners	2

Added this year: 4 iron-plated corvettes, 1 iron-plated coast-guard ship, 2 training ships.

This represents the real strength of the French navy. The old fleet is rapidly being transformed or going out of the service.

The whole tonnage of the French navy is 400,000 tons.

Navy of England.

By the last British naval list:	
Ships of war, floating batteries, receiving ships, training ships, in service	549
Steam screw gunboats	170
Total	719
In commission, or building, heavy armor-plated steam ships, averaging 3,500 tons each, (largest 6,000 tons)	40
	Tons.
Whole tonnage of the British navy is	660,000
Whole tonnage of the navy of the United States is	186,592
Proportion of naval tonnage of the United States to mercantile, nearly	1-24
Proportion of naval tonnage of Great Britain to mercantile	⅛
Proportion of naval tonnage of France to mercantile	⅕

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IRA B. M'VAY & CO.

FINANCE AND TRADE.

MONDAY EVENING, December 6, 1864.

There was little or no change to-day in the general features of the local money market from the past week. As a rule money is scarce, and it is with difficulty that brokers can place ordinarily good paper at any price below the highest rates which the late stringency has established. The banks report that they are taking care of their customers to the extent of their ability, but it is impossible to find out what that extent is. We find a good deal of paper on the outside market, that ought to be discounted at bank, if the condition of the market were not so close.

—Local stocks rule so irregularly, that it is useless to try to report a fair list of prices. Small lots of some of our best local bonds are occasionally pressed for sale on the market, which lets some bonds or stocks down very materially, but it is hardly just to estimate the value of some standard local securities by the low prices a few lots of them bring.

—Government bonds were to-day the feature of the market. There was a steady advance from the opening prices in the morning until the afternoon call, when the eagerness to realize put the quotation back several points. It is thought that large speculative sales were made to-day, and we may look for lower prices.

Messrs. Ira B. McVay & Co., report the following quotations of Government bonds in New York to-day, as furnished them by Jay Cooke & Co., their correspondents:

	Morn.	Noon.	Close.
U. S. Bonds '81	118	118⅜	117¾
U. S. Bonds '62	115¼	116	115¾
U. S. Bonds '64	113⅜	113¾	112¾
U. S. Bonds '65	113⅜	114⅛	113⅞
U. S. Bonds, new, '65	115¾	116	115⅞
U. S. Bonds '67	116	116⅛	115⅞
U. S. Bonds '68	115⅞	116	115⅜
10-40s	109	109¼	108¾
Gold	123⅜	123½	123⅛

James T. Brady & Co., corner of Fourth avenue and Wood street, quote United States securities in New York to-day as follows:

	Dec. 4.	Dec. 6.	Adv.	Dec.
Gold	122⅞	123	⅛	...
U. S. Bonds, 1881	117	117¾	¾	...
U. S. Bonds, 5-20s, '62	114⅞	115⅝	¾	...
U. S. Bonds, 5-20s, '64	112⅛	112¾	⅝	...
U. S. Bonds, 5-20s, '65	112⅞	113⅝	¾	...
U. S. Bonds, 5-20s, '65 new	114⅞	115⅞	1	...
U. S. Bonds, 5-20s, '67	114⅞	115⅝	¾	...
U. S. Bonds, 5-20s, '68	114⅞	115⅜	½	...
U. S. Bonds, 10-40s	108⅛	108¾	⅝	...

—The course of the gold market to-day was decidedly advancing. Opening at 122¾, it worked up to 123⅜, but left off at 123. The refusal of the Secretary of the Treasury to sell his surplus gold below 122, having fixed a minimum price for the market, is regarded as affording a safe basis for a "bull" speculation. Operators have consequently become free buyers, with the expectation of holding up the premium until the export of specie, which usually occurs in January, comes in to sustain the movement: and concurrently with this effort to put up the price of gold, and as a part of the general speculation based upon the Secretary's action, there is a strong combined effort to force up the price of stocks and other securities. Under these influences the speculative interest in the Gold Exchange is rapidly reviving; the extent of which is but partially reflected in the clearings of the Gold Exchange Bank, as many dealers still prefer to do their business ex-clearing.

—The following table, made up from dispatches received at J. W. Kennedy's Stock Rooms, Apollo Building, No. 80 Fourth avenue, shows the prices of Railway Stocks, Gold, etc., at the various sessions of the New York Boards during the day:

December 6, 1869.	10 00 A M	11 20 A M	12 10 P M	1 25 P M	4 00 P M
New York Central	190⅝	190⅝	189⅞	190⅛	189⅛
Erie	26⅛	26⅝	26⅛	26⅛	26⅛
Harlem	...	133	...	130	...
Reading	99	99⅛	99	99⅛	98⅞
Michigan Central	...	120⅛	...	120⅛	...
Michigan Southern	86	86	85⅞	85⅝	85⅞
Illinois Central	...	134	...	134⅛	...
Cleveland and Pittsburgh	...	82⅛	82⅛	82⅛	82⅛
Chicago and Northwestern	74⅞	74⅛	74⅛	74	74
Do preferred	88	88⅛	88⅛	88⅛	88⅛
Rock Island	107⅝	107⅛	107⅛	107⅛	107
St. Paul	...	70⅛	...	70	70
St. Paul, preferred	...	84⅛	...	84⅛	84⅛
Toledo and Wabash	...	...	...	55⅛	...
Toledo and Wabash, pref.	...	...	...	...	...
Fort Wayne	...	86⅛	86⅛	86⅛	86⅛
Chicago and Alton	...	141⅛	...	139	...
Ohio and Mississippi	...	25⅛	...	25⅛	...
Western Union Telegraph	...	35	...	34⅛	34⅛
Pacific Mail	...	50⅛	...	50⅛	...
Adams Express	...	57	...	57⅛	...
Wells, Fargo Express	...	18⅛	...	18⅛	...
American M. U. Express	...	37⅛	...	39	...
United States Express	...	50	...	51	...
Gold	123⅛	123⅛	123⅛	123⅛	123

A comparison between Saturday's and to-day's closing quotations shows the following changes:

	Sat.	Mon.	Adv.	Dec.
N. Y. Central	190⅛	189⅛	...	¾
Erie	26⅜	26⅛	...	¼
Harlem	134	130	...	4
Reading	98⅝	98⅞	...	...
Mich. Central	121	120⅛	...	⅞
Mich. Southern	86	85⅛	...	⅞
Illinois Central	134½	134⅛	...	...
Cleve. and Pitts	82⅛	82⅛	...	...
Chicago and North	74½	74	...	½
do preferred	88½	88⅛	...	⅜
Rock Island	107⅞	107	...	⅞
St. Paul	69⅝	70	⅜	...
do preferred	84⅛	84⅜	¼	...
Tol. and Wabash	56	55½	...	½
do preferred	72	...	...	7
Fort Wayne	86⅝	86⅜	...	...
Chicago and Alton	146	139	...	...
Ohio and Miss	25⅛	25⅛	...	...
Western U. Tel	34⅛	34⅛	...	...
Pacific Mail	50⅛	50⅛	...	½
Adams Express	57⅛	57⅛	½	...
Wells, Fargo & Co	17⅝	18⅛	½	...
American M. U. Ex	37	39	2	...
United States Ex	49	51	2	...
Merch. U. Ex	...	...	...	...

—James W. Kennedy, Broker, No. 80 Fourth avenue, (Apollo Building,) dealer in United States Bonds, State and Municipal Securities, Railroad, Bank, Insurance and Miscellaneous Stocks. Being represented in the New York Stock Boards every day while in session, he purchases and sells on commission any stocks on the regular lists on the same terms as the New York brokers. Governments, Gold and Railway Stocks purchased for customers on the usual margin.

PRODUCE AND GENERAL MARKETS.

OFFICE OF THE PITTSBURGH COMMERCIAL, }
MONDAY EVENING, December 6, 1869. }

Trade to-day was unusually quiet in all branches of business, a general thing on Monday, but more so to-day than usual. Prices are without material change since our last. We quote as follows the wholesale store prices, unless otherwise noted:

APPLE BUTTER—Sales at 75@85c ℔ gal, as to quality.

APPLES—We quote good to extra at $2 50@3 50 ℔ bbl., and some extra fancy barrels in a retail way at $3 75@4 00 ℔ bbl.

BUTTER—Market well supplied and dull at at 32@35c for good to extra. Common grades dull and nominal in price.

BEANS—We quote good old small white beans at $2 50@2 75, and prime new navy at $3 00@3 25 ℔ bushel.

BACON, LARD, ETC.—The demand for meats is light, although there is but little new bacon offering. We quote new sugar cured hams at 23@23½c; new shoulders 17¼c; new sides 19½c. Lard in tierces 19c, and in buckets 20½@21c ℔ ℔. Mess pork ℔ bbl $33.

EGGS—Strictly fresh and scarce and selling at 38@40c ℔ doz, and preserved at 35c ℔ doz.

CORN MEAL—Good to choice may be quoted at $1 05@1 10 ℔ bushel.

CRANBERRIES—We quote fair to extra cultivated at $12@16 ℔ bbl.

CIDER—Prices run from $5 00@8 30 ℔ bbl as to quality. The receipts are liberal

CHEESE—The market is quiet and dull. We quote Western Reserve at 18c; Hamburg at 18½c; Ohio Factory at 19c; Ohio Goshen at 20c; New York Goshen at 21c; Sweitzer 20@22c and Limberger 19@20c ℔ ℔.

HAY—Sales from country wagons at $15@21 ℔ ton, as to quality.

STRAW—Sales at $12@14 ℔ ton.

HUSKS—Sales at 2¾@3c ℔ ℔.

DRIED FRUIT—There is more doing in dried fruit. One firm last week sold 40,000 ℔s new dried apples at 7@9c ℔ ℔: We quote dried peaches at 11½@13c ℔ ℔ for halves, quarters 9@10c ℔ ℔, and pared 19@20c ℔ ℔. We quote peas at $2 75 ℔ bushel, and blackberries at 15@16c ℔ ℔.

LARD OIL—There is a fair demand for No. 1 lard oil at $1 45@1 50, and No. 2 $1 00@1 05 ℔ gallon.

HOMINY—We quote at $6 00@6 50 ℔ bbl.

HOGS—Dressed—The receipts are moderate and selling in a retail way at $11 50@12 50 ℔ cwt, as to size and quality.

POULTRY, GAME, ETC.—Live chickens by the coop sell at 45@50c ℔ pair as to quality; dressed chickens are in large supply and dull 12@13c ℔ ℔; dressed turkeys 16@17c; dressed ducks 16c ℔ ℔; dressed geese 75c @$1 00 each; quails ℔ dozen $2 75@3 00; wild ducks ℔ dozen $5 00@5 50; deers—whole carcass 12c ℔ ℔., and saddles 25c ℔ ℔.

MILL FEED—We quote bran at 95c@$1; shorts at $1 20@1 25, and middlings at $1 75@2 00, as to quality ℔ cwt.

ONIONS—There is a fair demand for eastern shipments at $2 75 ℔ barrel for good, and $3 ℔ barrel for extra.

POTATOES—We quote from store peachblows at 55@60c, and from country wagons in a retail way at 60@65c ℔ bush. Jersey sweets of a prime to choice article command $5 00@5 50 ℔ bbl.

FEATHERS—There is a fair demand, and market firm at 95c@$1 for No. 1 geese feathers, and for good to prime 85@90c ℔ ℔.

SALT—Sales in a retail way at $2 00 ℔ bbl, and to the trade at $1 90 ℔ barrel.

SEEDS—There is a fair inquiry for clover seed at $7 50@8 00 ℔ bushel for good to choice. Timothy seed is nominally $3 75@4 00 ℔ bushel. Flaxseed is dull at $2 30 ℔ bushel.

FLOUR—Market quiet and unchanged, with a moderate local demand for choice brands. We quote choice winter wheat flour at $5 50@6 25 ℔ barrel, and choice spring from $5 50@6 00 ℔ barrel. Other grades are nominal in price.

RYE FLOUR—We quote rye flour at $5 50 ℔ bbl.

BUCKWHEAT FLOUR—Sales at $4 00@4 50 ℔ cwt, as to quality.

GRAIN—Trade in grain was dull and unchanged. Red winter wheat is in good supply and selling from cars at $1 10 to $1 18 ℔ bush. New corn on the track is quiet at 68@72c ℔ bush as to quality. Prime old ear or yellow shelled commands 90@95c ℔ bush on the track, and very choice in elevator is held at a few cents higher. Oats on the track are firmer at 46@47c ℔ bush. Rye is nominal as to quality, some selling on the track as low as 93c per bushel, whilst other lots are held in elevator at $1 ℔ bush and some held in elevator still higher. Barley is quiet and nominal, from $1 10 ℔ bush up to $1 25 as to quality, the latter figure for Canadian choice.

PITTSBURGH OIL MARKET.

OFFICE OF THE PITTSBURGH COMMERCIAL, }
TUESDAY MORNING, December 7, 1869. }

The market yesterday was very firm for both crude and refined, and we can report an advance in crude of ⅜c over Saturday's quotations, as sales were made on Saturday at 16⅜c, and yesterday at 16¾c, with apparently more buyers than sellers, and the market closed strong, with sellers asking offers of crude December 17c.

Refined oil did not advance any over Saturday's quotations, but was held very firm at 33c, with no sellers at the close at that price. There were offers to buy round lots January to December next year at 32½c without finding sellers.

The sales reported were as follows:

CRUDE OIL.	
1,000 barrels S. O., December	16⅜c
1,000 barrels S. O., December	16½c
1,000 barrels S. O., December	16¾c
500 barrels S. O., December	16¾c
1,000 barrels, on Valley R. R. cars to December 15th	$6 00
REFINED OIL.	
500 barrels December at	32⅞c
500 barrels last half December (Philadelphia delivery) at	32⅞c

DISPATCHES.

[By Western Union Telegraph.]

NEW YORK, December 6.—Crude—bulk firmly held at 19c; 15,000 bbls sold at that price. Refined scarce; for immediate delivery, very moderate inquiry; 32½c is the ruling price for Philadelphia delivery, and very dull. Market for refined, 31½@32c, spot delivery, and 32½c for balance of month.

TITUSVILLE, December 6.—Market quiet and nominally $5 30@5 35; have heard of no transactions yet.

OIL CITY, December 6.—Market somewhat firmer and five cents better; $5 55 on lower creek and $5 80@5 85 on broad gauge here; not many sales.

ROUSEVILLE, December 6.—Market quiet but firm; offering and selling at $5 40 and $5 45.

PHILADELPHIA, December 6.—Market quiet and steady; prime light straw to white 31½c; standard white spot 32c; December 32¾@33c; crude 18½@18¾c.

NEW YORK, December 4, 12:00 M.—Market quiet but firm.

NEW YORK, December 4, 2:10 P. M.—Market quiet but steady at 18¾@32½c.

[By Pacific and Atlantic Telegraph.]

NEW YORK, December 6.—Petroleum steady; crude 18½c; refined 32½c. Liverpool—crude is 4d; refined is 8½d. Antwerp firm at 60¾f.

PHILADELPHIA, December 6, 12 M.—Spot 31¾@32c; December 32⅝@33c; January to March 32⅛c; crude 18½@19c. Market quiet and firm; no transactions.

OIL CITY, PA., December 6, 2 P. M.—Market quiet but firm at $6.

PHILADELPHIA, December 6, 1869, 5 P. M.—Spot 31½@32c; December 32⅝@33c; January 32⅝c; January to March 32⅛c. Crude 18½@19c. Market closed strong.

Oil Receipts per River and Rail.

Mawhinney Bros	5,000	Wagner & Leech	2,200
H. W. C. Tweddle	80	Wagner & Leech	320
Pennock & Beeson	80	A. B. Mills	80
Fairview Oil Works	80		
Total			7,840

Oil Receipts Per A. V. R. R.

H W C Tweddle, 80 bbls on account of G S Thomas; Wagner & Leech, 320 do on account of G S Thomas; Pennock & Beeson, 80 do on account of T Chess; A B Mills, 80 do on account of Bartle; Fairview Oil Works, on account of Fisher Bros.

Sheep Market East.

Special Dispatch to the Commercial.

HESTONVILLE, PA., December 6, 1869.

9,000 good Sheep at Park Yard at West Philadelphia; good, from 5c to 5½c. A few extras at 6c. Market closed dull.
J. L. A.

New York Finance and Trade.

Gold Closed at 123⅛.

NEW YORK, December 6—P. M.

MONEY.

Money steady at 6@7 ℔ cent.

STERLING

Dull at 108¼@108⅜.

GOLD

Active and firmer; opened at 122¾, advanced to 123⅜, fell to 123⅛, and closed at 123⅛. Clearances $23,000,000.

GOVERNMENTS

Which have been active and decidedly higher, declined in the afternoon, closing barely steady. Coupons '81 118⅛; do '62, 115⅝; do '64, 112⅝; do '65, 113⅝; do new 115⅞; do '67 115⅞; do '68 115⅜; 10-40s 108⅜; Pacifics 107⅛.

STATE BONDS

Firm. Missouris 90; new Tennessees 42⅛; new North Carolinas 33⅛.

STOCKS

Have declined and are unsettled, but closed generally firm. Western Union 34⅛; Adams Express 57⅛; Pacific Mail 50⅛; New York Central 190 do scrip 82; Erie 26⅛; preferred 44; Reading 99; Michigan Central 120⅛; Lake Shore 86; Illinois Central 134⅛; Pittsburgh 82⅛; Northwestern 74⅛; do preferred 107⅛; St. Paul 70; do preferred 84⅛; Wabash 55⅛; do preferred 72; Fort Wayne 86⅛; Terre Haute 26; Chicago and Alton 140; Ohio and Mississippi 25⅛.

Sub-Treasury balance $86,355,912.

MARKETS BY TELEGRAPH.

CHICAGO MARKET.

CHICAGO, December 6, 1869.

EASTERN EXCHANGE—Par and ⅛ premium.

FLOUR—Slightly lower; sales at $3 87½@5 37½ for fair to choice spring extras; $3 25 for spring superfine, and $6 25@6 50 for winter extras.

WHEAT—Dull and 2@2½c lower; sales at 92½c for No 1, and 88¼@89½c for No 2; for future delivery the latter sold at 88¾@89½c seller December; 89½@90c seller last half do; 90½@91½c buyer month, and 90½@91½c seller January; during the afternoon sales were made at 88½c cash and seller December.

CORN—Dull and irregular, closing at 78½@79c for No 2; optional trading was at 77¾@78½c seller month; 78½@79½c seller last half, and 78½@80½c seller January; in the afternoon the market was nominally 78½c.

OATS—In fair demand at 42@42½c, closing at the inside.

RYE—Market closed easier but steady, with buyers at 77c for No 2.

BARLEY—Dull and nominal at 80@83c for No 2.

HIGHWINES—Firm and buoyant at 97c for wooden bound; 98c for iron.

PROVISIONS—Dull and easier for all descriptions of hog products. Mess pork $31 00 cash, $31 50 seller January, closing nominal at $30 50@31 00 cash; $31 50@31 75 seller February; at the close there were sellers at $31 00 seller January; $31 50 buyer month. Lard without material change at 18¾@18½c. Dry salted shoulders quiet at 11½c; green hams quiet at 14½c.

DRESSED HOGS—Less active, closing at $12 25@12 75 for choice lots dividing on 200 ℔s.

BEEF—Steady; demand light at $3 75@4 12½ for stockers; $4 00@5 00 for fair cows and good packing steers; $6 00@7 12½ for extra and native shipping steers.

HOGS—Less active but steady at $8 90@9 60 for common; $9 70@10 12½ for fair to medium; $10 25@11 00 for good to extra.

St. Louis Market.

ST. LOUIS, December 6.—Tobacco heavy and only low qualities offering. Cotton dull, nominal and unchanged at 23@23½c. Hemp—no sales. Flour firmer for low grades; sales of fall super at $3 85@4 25; X X $4 25@4 75; X X X $5 25@5 75; choice to fancy family $6 75@6. Wheat firm; prices stiffer; no sales spring; No 2 red fall 95c@$1; No 1 do $1 08@1 10; choice and fancy $1 20@1 30; low prime to prime white $1 08@1 15. Corn—old and new dry, good demand for choice new white bulk 65c; choice new white in sacks 93c; do old 95c. Oats firm at 44@46 cents for bulk, 50@52 cents for sacked. Barley—small sales of choice Minnesota at $1 20. Rye held above views of buyers; small sales at 85c. Whisky lower and drooping at 98@99c. Groceries quiet and unchanged. Pork held firmly at $31 00, with small sales. Dry salt meats in fair order demand; sales shoulders at 12½@12¾c; clear rib 16c; clear sides 16½c. Bacon—only small sales clear rib at 19½c. Lard firm at 18c for choice steam. Cattle in light demand and increased receipts; inferior to fair 2½@3¾c; butcher's stock 3½@6c. Hogs—choice brought Saturday's prices, but light were dull and neglected, and at the close buyers stood off and the market was weaker; prices range at $8 50@10 30, with lot to arrive at $10 40.

Cincinnati Market.

CINCINNATI, December 6.—Flour is unchanged. Wheat dull; red winter $1 10@1 13; no sales. Corn lower; new sold at 75c; old held at 95@98c. Oats firm at 51@56c. Rye steady at 90@95c. Barley nominally unchanged. Cotton unchanged; middlings 23¾c. Whisky dull at 97@98c. Mess pork dull and drooping; it was offered at $30 50@31; no sales. No demand for bulk meats and prices are nominal; shoulders offered at 11½@12c, and sides 15¾, 16@16½c. Bacon dull; shoulders held at 14½c; sides at 17½c, and 18c for clear rib and clear sides. Lard firm; saleable at 17½c for steam and 18½c for kettle rendered, but it is held ½c higher. Hogs dull, packers holding off; whole range $9 75@10 30; receipts 6,800. Green meats dull, closing at 11, 14 and 15½c, hams alone bringing 15½c. Butter unchanged at 30@35c. Eggs declined to 35@37c. No change in oil. Sugar dull and ¼@½c lower. Coffee unchanged. Coal lower; Youghiogheny 11c afloat. Clover seed firm at 15c ℔ ℔; timothy firm at 4c ℔ ℔. Gold 122⅞ buying. Exchange steady at ⅛ discount buying.

New York Market.

NEW YORK, December 6.—Cotton firmer; sales 2,600 bales uplands at 25⅛c. Flour quiet without decided change, with a moderate export demand for low grades extra; sales 9,900 bbls; receipts 18,245 bbls. Whisky firmer at $1 05@1 07; sales 450 bbls. Wheat firm and quiet; receipts 134,832 bush; sales 48,000 bush; No 2 spring $1 30@1 31; winter red and amber white $1 36@1 38. Barley unchanged. Oats lower and dull; sales 41,000 bush, closing at 63@64c for western. Corn—receipts 68,233 bush; corn quiet; sales 37,000 bush sound mixed at $1 10½@1 11½. Sugar firm. Coffee quiet. Produce dull. Pork quiet and steady; sales 800 bbls new mess at $32 00@32 75, and future delivery $32 00@32 25. Beef nominally unchanged. Cut meats nominal. Bacon steady and in moderate demand. Lard quiet; sales 600 tierces at 19½c for prime steam. Butter quiet. Cheese dull. Egg unchanged.

New York Cattle Market.

NEW YORK, December 6.—Livestock—Beeves count 6,050 for the week, and 2,240 to-day. Market good and about all sold, prices ½c better than last Monday, and ¼c better than Friday. The snow storm suggested blocked up roads, and stimulated butchers. Prices ranged from 11@16½c, with a few bulls at 9c, and a small number of extra at 17c. The average was strong 14½c; Texans at 11@13c, and other ordinary steers showed the greatest advance.

Sheep ¼@½c higher, but not all selling. Total, 24,175; on sale to-day, 1,400; thin sheep sell at 4@4¼ to 5c; fair to good, 5½@6c; prime to extra, 6¾@7¼c.

Hogs weak at 10@11c; total 29,130; to-day, 51 cars. Dressed sell at 13¼@13¾c, western dressed scarce at 13¼@13¾c.

Cleveland Market.

CLEVELAND, December 6.—Flour—market steady and unchanged. Buckwheat flour—market steady and demand good at $7 75@8 50. Wheat dull and inactive but firm and unchanged; No 1 red winter $1 18; No 2 do $1 13. Corn firm and unchanged but inactive; held at $1 for No 1; 98c for No 2. Oats—market unchanged and quiet; light sales No 1 state at 51c. Rye dull and nominal at 90c@$1 for No 1; 90c for No 2. Barley dull and inactive and prices nominal. Petroleum—the market is unchanged and firm; refined held at 28½@29c in large lots; 31@32c in small lots; crude steady at $6 50 ℔ bbl. Seeds—clover held at $8 50@8 75; timothy $4@4 35 ℔ bush.

New York Dry Goods Market.

NEW YORK, December 6.—Dry goods quiet and generally unchanged. Mr. Stewart has bought from agents the entire stock of Pacific Mills merinos, which have been selling regularly at 40c and 35c for letters A and AA, and is now selling them at 24c and 26c respectively for poor styles, and 2½c cents higher for selections.

Philadelphia Cattle Market.

PHILADELPHIA, December 6.—Beeves moderately active and a traction higher; sales 2,000 head at 9@9½c for extra, 9¼@10c for choice; 7@8½c for fair to good, 5@6½c for common. Sheep in fair demand at an advance; sales 12,000 head at 5@6½c. Hogs advanced 50c; sales 3,000 head at $15 00@15 25 per cwt net for corn-fed.

Nashville Market.

NASHVILLE, December 6.—Cotton quiet; low middling 22½c; good ordinary 22c. Wheat—red $1 10; amber $1 14; white $1 20. Corn $1 08. Oats 75c. Rye 95c. Barley $1. Flour—$5@7 for superfine to fancy. Bulk meats—clear sides 16½c; clear rib 16½c; shoulders 13c; hams 22c. Hogs 8½@9c.

Memphis Market.

MEMPHIS, December 6.—Cotton dull at 23½c; receipts 2,921 bales; exports 3,312 bales. Flour unchanged. Corn 94@95c. Oats 65c. Hay $26@27. Bran $22@23. Pork $32. Lard 17@19½c. Bacon dull; shoulders 16½c; sides 20½c. Bulk shoulders 13½c; sides 17½c.

Detroit Market.

DETROIT, December 6.—Flour steady. Wheat steady and firm; extra white $1 22; No 1 $1 11; amber $1 03@1 05. Barley $1 80@1 85 ℔ cental. Mill feed—bran $13 00@14 00; coarse middlings $16 00@17 00, fine $26 00@27 00. Dressed hogs firmer; heavy $12 75@13 00.

Milwaukee Market.

MILWAUKEE, December 6.—Flour unchanged. Wheat steady at 89½c for No. 1; 87½c for No. 2. Oats in better demand and at 42½c for No. 2. Corn unchanged. Rye and barley nominal. Dressed hogs unsettled at $12 25@12 75.

Kenwood Boarding School,

FOR BOYS,

NEW BRIGHTON, PA.

REV. J P. TAYLOR, Rector.
CHARLES JACOBUS, A. M., Head Master.

This School has had a successful experience of Fifteen Years, is thorough in its course of Classical and English Studies, and complete in its appointments. Catalogues sent on application.
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RIVER TELEGRAMS.

Morgantown.

Special Dispatch to the Commercial.

MORGANTOWN, December 6, 1869.

River stationary, with four feet of water in the channel. Weather cloudy; thermometer 31° at 4 P. M.
W.

Greensboro.

Special Dispatch to the Pittsburgh Commercial.

GREENSBORO, PA., December 6, 1869.

River on a stand, with five feet of water in the channel. Weather cloudy; thermometer 26°.
F.

Brownsville.

Special Dispatch to the Pittsburgh Commercial.

BROWNSVILLE, PA., December 6, 1869.

River stationary, with five feet six inches of water in the channel. Weather cloudy; thermometer 28° at 4 P. M.
C.

Oil City.

Special Dispatch to Pittsburgh Commercial.

OIL CITY, PA., December 6, 1869.

River falling slowly, with four feet and a half water in the channel. Weather cloudy; thermometer 45° at 6 P. M.
F.

Nashville.

NASHVILLE, December 6.—River rising, with six feet on Harpeth Shoals. Weather cloudy and cold.

RIVER NEWS.

ARRIVALS AND DEPARTURES

Arrived.

E. Bennett	Carmack	Geneva.
Chieftain	Phillips	Geneva.
Elizabeth	Houghton	Elizabeth.
Petrolia	Donaldson	Geneva.
Elector	Bougner	Geneva.
R. C. Gray	Whitaker	Cincinnati.

Departed.

Chieftain	Philips	Geneva.
E. Bennett	Carmack	Geneva.
Elizabeth	Houghton	Elizabeth.
New State	Harlan	Wheeling.

MONONGAHELA MARKS—Eight feet five inches; stationary.

THE MARKS last evening indicated eight feet five inches and about at a stand. The weather was changeable; in the evening it was cold. There is a fair prospect for another rise. Freights were not so plenty yesterday. It may be the unfavorable weather for hauling had something to do with it. Several boats are announced for this day.

THE independent packet Petrolia, Capt. Donaldson, takes her departure this day at 4 P. M. for Geneva and intermediate ports.

THE fine packet Camelia, Capt. R. C. Mason, is announced for Evansville and Nashville on Tuesday. This boat will run as a regular packet between Pittsburgh and Nashville. Passengers and shippers will bear this in mind.

THE powerful towboat Wild Duck and barges, in charge of Captain J. W. Anawalt, take their departure to-day for Memphis and New Orleans, going through without reshipping. Shippers will bear this in mind.

THE United States Mail packets on the slack water arrive and depart on time—the morning boat at 8 A. M., and the evening boat at 5 P. M. If you want any information call on Mr. Moorhouse, who will be found at the wharfboat during business hours.

THE first-class passenger packet Sallie, Capt. T. S. Calhoun, is announced for Memphis and New Orleans. This boat has superior accommodations, and is in charge of careful and attentive officers. Mr. J. Q. Parr, who has charge of the office, will see that passengers have the best of attention.

THE punctual packet, Julia No. 2, Captain Stull, takes her departure this day at 4 P. M., for Wheeling, Marietta and Parkersburg. The Julia is one of the best boats of her class, and is in charge of careful and attentive officers. Mr. Johnson, the clerk, is noted for his attention to passengers.

THE fine passenger steamer Argosy, Captain G. D. Moore, is announced for Cincinnati and Louisville this day. This boat will go through without reshipping. It is the intention of Captain Moore to make regular trips between this port and Louisville. The clerks are Messrs. Bunting and Moore, who will pay particular attention to passengers.

ALL ABOUT THE TOWBOAT FLEET.—The towboat Lark on her way to Cincinnati grounded two boats on Montgomery's island and sunk one at the same place.

The Simpson Horner is reported as having sunk a boat at the Steubenville bridge.

The Warner lost her wheel at Safe Harbor—but saved her tow.

The disaster to the Samson No. 2, was not so disastrous as first reported. They have succeeded in saving four barges of coal, with 44,000 bushels, and two flats of coke, containing 9,000 bushels, and hopes are entertained that the other boats may be picked up. We hope so. The New State reports finding the rudder of the Samson No. 2 at Wills creek.

ANOTHER SMALL RUN OF COAL AND COKE.—The following are the additional boats that left with coal not previously reported. Other boats are in readiness and will take their departure before many days:

FOR LOUISVILLE.

Towboats.	Boats and Barges.	Bushels.
Baltic, 6 boats		100,000
Baltic, 2 coke boats		41,000
Collier, 2 model and 2 square barges coke		85,000
Collier, 1 barge coal		16,000
Collier, 1 barge French Creek nut coal		11,000
Total		253,000

FOR CINCINNATI.

Towboats.	Boats and barges.	Bushels.
Resolute had 24,500 bush, more than we stated		24,500
Lion	10 barges	110,000
		134,500

FOR NEW ORLEANS.

Tow boat.	Boats and barges.		Bushels.
Grand Lake	3	6	120,000
do do			30,000
			150,000

RECAPITULATION.

For Louisville	253,000
For Cincinnati	134,500
For New Orleans	150,000
Grand total	537,500

DIED:

OLIVER—At Latrobe, on Sunday morning, December 5th, Miss EMILY OLIVER, formerly of Pittsburgh.

Funeral from the Union Depot, on TUESDAY MORNING, at 11 o'clock. Carriages will be in attendance on Washington street, near Depot, to proceed to the Allegheny Cemetery.

NOTICES.

OFFICE OF THE CITIZENS' INSURANCE COMPANY.—An election for Fifteen Directors of this Company, to serve during the ensuing year, will be held at this office on MONDAY the 20th inst., between the hours of 11 A. M. and 1 P. M.

WM. A. SHEPARD, Secretary.

Pittsburgh, December 4, 1869.

ACTION OF THE BOARD OF DIRECTORS OF THE CINCINNATI, SALEM, YOUNGSTOWN AND EASTERN RAILWAY.

Resolved, That owing to the illness of our Chief Engineer, Mr. Hosea Paul, and the consequent unfinished Survey of that part of the route lying between New Philadelphia and the Pan Handle Road, that the letting to Contractors, as contemplated on this the 30th day of November, 1869, and is hereby deferred until the 12th day of January, 1870, and that bids will continue to be received until 2 o'clock P. M. on said day, and on the same terms as embraced in the original notice.

L. SCHILLING, Secretary.

Salem, O., November 30, 1869.

CLEVELAND AND PITTSBURGH RAILROAD COMPANY.—Office of Secretary and Treasurer.—ANNUAL MEETING.—The Annual Meeting of the Stockholders of the Cleveland and Pittsburgh Railroad for the election of Directors for the ensuing year, and for the transaction of such other business as may come before them, will be held at the office of the Company in Cleveland, at 10 o'clock A. M., on WEDNESDAY, January 5th, 1870.

The transfer books will be closed on SATURDAY, December 25th, 1869, and reopened THURSDAY, January 6th, 1870.

G. A. INGERSOLL, Secretary.

CLEVELAND, Ohio, December 1st, 1869.

A MEETING OF THE STOCKHOLDERS OF THE SUPERIOR IRON COMPANY will be held at the office of the Company, No. 358 Penn street, on TUESDAY, December 28th, 1869, at 2 o'clock P. M., to hold an election for Seven Directors and to transact any other business that may come before them.

By order of the Board of Stockholders.

JOHN SCOTT, Secretary.

OFFICE OF MONONGAHELA INSURANCE COMPANY, 98 WATER STREET,
Pittsburgh, November 23, 1869.

AN ELECTION FOR FIFTEEN DIRECTORS of this Company, to serve for the ensuing year, will be held at the office, No. 98 Water street, on TUESDAY, December 7th, 1869, between the hours of 11 A. M. and 2 P. M.

JOHN H. CLANEY, Secretary.

DIVIDENDS.

THE DIRECTORS OF THE RAISIN OIL COMPANY have this day declared a Dividend of SIX (6) PER CENT., payable forthwith at the office of the Company, No. 251 Liberty street.

WILLIAM H. KIRKPATRICK, Treasurer.

Pittsburgh, December 6, 1869.

OFFICE OF THE CITIZENS' INSURANCE COMPANY.—DIVIDEND NOTICE.—The President and Directors of this Company have this day declared a dividend of FOUR DOLLARS PER SHARE, free of United States tax, payable forthwith.

WM. A. SHEPARD, Secretary.

Pittsburgh, December 3, 1869.

AMERICAN BANK—DIVIDEND.—The Directors of this Bank have this day declared a Dividend of SIX PER CENT. on the Capital Stock, payable to the Stockholders or their legal representatives forthwith.

W. M. FLOYD, Cashier.

Pittsburgh, December 1, 1869.

NOVELTY WORKS.

DISSOLUTION OF PARTNERSHIP.

The partnership heretofore existing under the firm of ADAMS, McKEE & CO., has this day been dissolved by mutual consent.

Pittsburgh, November 16, 1869.

J. K. Morrhead, Calvin Adams, Stephen Jarvis, James H. Gray, Jacob Kinser, David F. McKee, S. Jarvis Adams, Turner Strowbridge.

THE BUSINESS WILL BE CONTINUED at the old stand by the undersigned, under the firm of MOORHEAD, ADAMS & CO.

J. K. MOORHEAD,
CALVIN ADAMS,
M. K. MOORHEAD.

Pittsburgh, November 29, 1869.

MILL PROPERTY FOR SALE.

The subscriber will sell at Private Sale, the CHERRY FORK MILLS, generally known as Nold's Mills, one mile east of Leetonia. These Mills have lately been remodeled and improved. Also, a good Private Residence in splendid order, and several Acres of Land. Any person desiring such property cannot do better than to call and examine the premises. The Mill has at present a large run of custom that cannot fail to remain, situated in a good wheat growing locality, and close to the Railroad and a number of furnaces. Call on or address

JOHN Z. NOLD,
Leetonia, Columbiana county, Ohio.

CITY HALL,

DIAMOND, PITTSBURGH.

This elegant, large and commodious Public Hall has been thoroughly Refitted and Refurnished, and is now offered for rent for Balls, Parties, Fairs, Conventions, Lectures and General Amusements. It is the largest and best ventilated Room in the city, and is the only Hall supplied with proper means of egress in case of fire or accident. A Supper Hall, Dining Room and Kitchen, all in first-class style, have been recently added to its appointments, making it the most convenient and desirable for Balls, Parties and Reunions. For terms and other particulars apply to

SAMUEL KILGORE,
Market Superintendent, City Hall.

s11h

VARNISHES AND JAPAN.

DEALERS SUPPLIED WITH

WM. HARLAND & SON'S

CELEBRATED ENGLISH

VARNISH and JAPAN,

BY THEIR ONLY FORWARDING AGENTS IN THE UNITED STATES,

WALKER & SON,

GUM MERCHANTS,

And Importers of Acetate Lime, Glue, &c., &c., &c.,

57 CEDAR ST., NEW YORK.

P. O. BOX 3,947.

AMUSEMENTS.

NEW OPERA HOUSE.

TUESDAY EVENING, December 7th, and Every Evening, engagement for six nights only with the favorite artistes,

MISS ADA HARLAND
AND
MR. T. E. MORRIS,

Who will make their first joint appearance in this city in Dion Boucicault's new drama of modern life, entitled

FORMOSA.
OR THE RAILROAD TO RUIN.

Earl of Eden ...... Miss Ada Harland.
Sam Baker ...... Mr. T. E. Morris.

New Scenery, Costumes, Properties and Appointments. The Costumes of the Oxford and Cambridge Crews, also the Boats for the Race, &c., together with the Models of Scenery, &c., have been brought from Niblo's Garden, New York, through the generous courtesy of Messrs. Jarrett & Palmer.

Formosa Matinee on Saturday.

PITTSBURGH THEATER.

H. W. WILLIAMS ...... Sole Lessee and Manager.

TO NIGHT, the wonderful Lady Gymnast,

MADAME SENYEAH,

The Queen of the Rope in her thrilling Ærial Flight. One week more of the famous and favorite

Wild, Barney & Mac's Minstrels,

Introducing the FOUR GREAT STARS of the Ethiopian Firmament,

JOHNNY WILD, LITTLE MAC,
MASTER BARNEY, SAM DE VERE.

The Matchless Quartette and Orchestra, the Dashing Vocalists Miss CLARA BUTLER and Miss MAGGIE FIELDING. Ladies' Matinee on Saturday. The Great Minstrel Programme.

Admission 50 cents. Gallery 25 cents.

TRIMBLE'S VARIETIES THEATER,
Penn street, near Sixth, late St. Clair.

V. E. BEAMER ...... Manager.

MONDAY, December 6th, first appearance of the Premiere Danseuse,

M'LLE. ROSA,

And the charming Soubrette and Comic Vocalist,

MISS EMMA WINTHROP.

See Programmes.

Preliminary Announcement.

The Public of Pittsburgh is respectfully informed that the Renowned Comedian and Pantomimist,

GEO. L. FOX,

Has Secured the Academy of Music,

FOR ONE WEEK ONLY,

Commencing MONDAY, December 13, and will present his full Pantomime Company, embracing Twenty-nine Artistes, from the Olympic Theater, New York, including his brother, C. K. FOX, and the wonderful HUNGARIAN SENSATION DANCERS, THE

KIRALFY BALLET TROUPE,

Eleven in number, in his original Pantomimes combined, of

HUMPTY DUMPTY and
HICCORY DICCORY DOCK.

As performed by this organization for 610 consecutive times at the Olympic Theater, New York.

CLOWN, the Renowned ...... GEO. L. FOX.
PANTALOON, his Brother ...... C. K. FOX.

Full particulars in future announcements.

SEASON OF 1869 AND 1870.

ENTIRELY NEW ORGANIZATION!

BUCKLEY'S SERENADERS,

Brass Band and Burlesque Opera.

THE GREAT TRIPLE TROUPE.

26 TALENTED ARTISTS!

Under the supervision of G. SWAINE BUCKLEY, who will appear in their original Minstrel Entertainment; also will produce the Burlesque Opera of

LUCREZIA BORGIA.

In three acts, with all of the Original Music. The Great Prima Donna MEDORA BECKER, HOGAN & HUGHES, (formerly of Bryant's Minstrels), will also appear in their Champion Double Acts, at

MASONIC HALL

Wednesday, December 8, 9, 10 and 11.

Doors open at 7; commence at 8.
Admission, 35 cents; Reserved Seats, 50 cents.
Matinee Saturday Afternoon, at 2 o'clock. Admission to Matinee 25 and 35 cents.
Tickets for sale at H. Kleber & Bro's Music Store, 122 Wood street.

ACADEMY OF MUSIC

By Special Request of many Citizens, the

DRUMMER BOY;

OR, BATTLE OF SHILOH,

WILL BE REPEATED FOR A FEW NIGHTS MORE.

Box Office remains open at No. 129 SMITHFIELD STREET, as usual.
Doors open at 7 o'clock. Performance to commence at 7¾.

LAFAYETTE HALL.

Rev. JOHN DOWLING, D. D.,

AUTHOR OF THE HISTORY OF ROMANISM, &C., WILL DELIVER A LECTURE ON

THE KINGDOM OF THE POPES,

ANTAGONISTIC TO THE KINGDOM OF CHRIST,

IN LAFAYETTE HALL,

On Tuesday Evening, December 7, 1869.

Doors open at 7; commence at 7½. Tickets 50 cents, for sale at Mellor & Hoene's, 53 Fifth avenue, Kleber & Bro., 122 Wood street and Sloan & King's, 96 Fourth avenue.

HOMŒOPATHIC HOSPITAL

FAIR,

Under the auspices of THE LADIES' HOMŒOPATHIC CHARITABLE ASSOCIATION.

AT CITY HALL,

Commencing December 7th.

Open from 12 M. to 11 P. M. Dinner Every Day from 12 to 3 o'clock.

Admission 25 cents. Dinner and admission 50 cts.

BURNELL'S

Museum and Parlor Menagerie.

The Great Family Resort, FIFTH AVENUE, between Smithfield and Wood streets, opposite Old Theater. OPEN DAY AND EVENING all the year round.

Admission 25 cents. Children 15 cents.

AUCTION SALES.

HOUSE AND LOT,

64 BEECH STREET, ALLEGHENY,

AT AUCTION.

On FRIDAY, December 10, at 2 o'clock,

will be sold at 137, on the premises, the property No. 64 Beech street, Second Ward, Allegheny. The Lot is 36x137 feet. The House is a two-story Brick, with pressed brick front, containing on first floor Parlor, Sitting and Dining Rooms, Kitchen and Washhouse, and on second floor four Bedrooms and Bath Room. There are three finished Attics. The House has Slate Roof, is fitted up with Range Registers, Vent-lators, Furnaces and Ash-pits, is very convenient in its appointments. Beech street is now paved, and is one of the finest avenues leading to the Park.

Parties in quest of a good, desirable Residence, will do well to inspect this property and attend the sale. The premises are open for visitors at any time.

Terms at sale.

A. LEGGATE, Auctioneer,
159 Federal street, Allegheny.

Robert H. Patterson & Co.,

CORNER OF

Seventh Avenue and Liberty Street,

PITTSBURGH, PA.,

Will, on every Saturday, hold an Auction Sale of

Horses, Carriages, Buggies, Wagons,

And everything appertaining to the Horse.

Parties desiring to sell will please leave their notice of consignment on or before the Thursday of each week in order for advertising. Prompt attention and good care will be given all Stock left for sale.

JOHN H. STEWART,
AUCTIONEER.

STOCK SALES.

COLUMBIA OIL STOCK.—WILL BE added to the list of Stocks to be sold THIS (Tuesday) EVENING, December 7th, at 7½ o'clock, on second floor of Commercial Salesrooms, 108 Smithfield street,

25 shares Columbia Oil Co.

A. McILWAINE, Auctioneer.

EXCHANGE, M. AND M. NATIONALS, COALMEN'S TRUST CO.—TUESDAY EVENING, December 7th, at 7½ o'clock, will be sold on Second Floor of Commercial Sales Rooms, 108 Smithfield street:

50 shares Exchange National Bank;
4 shares M. and M. National Bank;
6 shares Coalmen's Trust Company.

A. McILWAINE, Auctioneer.

ILLINOIS FARM FOR SALE.

I wish to sell a Farm of 400 Acres, lying half a mile from Dorsey Station, on the St. Louis and Indianapolis Railroad, and thirty miles from St. Louis. One Hundred and Sixty Acres of good rich Land in cultivation, the balance unimproved, upon which there is a good growth of Bottom Land, very rich, the rest well timbered, and in a very good Timber, &c. The improvements are a new Frame Dwelling House, well finished, of 4 Rooms and Cellar; good Barn, Meat-house, Room for hands, Hen House, &c. Two never failing Wells of Water, a pond of water for stock; Pear, Peach, Cherry and Plum Trees, and a running stream of water through the unimproved lands, called Indian Creek. This Land is well calculated for a Stock Farm. I will sell the whole or a part to suit purchasers. I refer purchasers to CHARLES W. BATCHELOR, Eagle Cotton Mills, Pittsburgh, Pa., who has seen the land, or to myself on the premises. Possession given at any time.

BEN. L. DORSEY.

JOHN H. STEWART ...... ROBT. H. PATTERSON.

ROBT. H. PATTERSON & CO.,

Livery, Sale and Commission Stables,

COR. SEVENTH AVENUE AND LIBERTY ST.
PITTSBURGH, PA.

RAILROADS.

PENNSYLVANIA CENTRAL RAILROAD—On and after 11 P. M. SUNDAY, November 14, 1869 Trains arrive at and leave the Union Depot, corner of Washington and Liberty streets, as follows:

ARRIVE.		DEPART.	
Mail Train	1:20 a m	Southern Ex	5:20 a m
Fast Line	1:45 a m	Pacific Ex	2:10 a m
Wall's Ac. No. 1	6:20 a m	Wall's Ac No 1	6:30 a m
Brinton Ac No 1	7:50 a m	Mail Train	8:10 a m
Wall's Ac No 2	8:50 a m	Brinton's Ac	10:40 a m
Cincinnati Ex	9:20 a m	Braddock's Ac No. 1	5:10 p m
Johnstown Ac	10:50 a m	Cincinnati Ex	12:35 p m
Braddock's Ac No. 1	7:00 p m	Wall's Ac No 2	11:51 a m
Pittsburgh Ex	1:30 p m	Johnstown Ac	4:05 p m
Pacific Ex	1:50 p m	Braddock's Ac No. 2	3:20 p m
Wall's Ac No 3	2:50 p m	Phila. Ex	3:50 p m
Braddock's Ac No. 2	9:55 p m	Wall's Ac No 3	3:05 p m
Wall's Ac No 4	5:50 p m	Wall's Ac No 4	6:05 p m
Brinton Ac No 2	1:10 p m	Fast Line	7:40 p m
Way Passeng'r	10:20 p m	Wall's No 5	11:00 p m

The Church Trains leave Wall's Station every Sunday at 9:05 a. m., reaching Pittsburgh at 10:05 a. m. Returning leave Pittsburgh at 12:50 p. m., and arrive at Wall's Station at 2:10 p. m.

Cincinnati Express leaves daily. Southern Express daily except Monday. All other Trains daily, except Sunday.

For further information apply to
W. H. BECKWITH, Agent.

The Pennsylvania Railroad Company will not assume any Risk for Baggage except for Wearing Apparel, and limit their responsibility to One Hundred Dollars in value. All baggage exceeding that amount in value will be at the risk of the owner, unless taken by special contract.

EDWARD H. WILLIAMS,
General Superintendent, Altoona, Pa.

WESTERN PENNSYLVANIA RAILROAD.—On and after NOVEMBER 14, 1869, the Passenger Trains on the Western Pennsylvania Railroad will arrive at and depart from the Federal Street Depot, Allegheny City, as follows:

Leave Allegheny City.		Arrive at Allegheny City.	
Mail	7:00 a m	Springdale Ac. No. 1	6:40 a m
Freeport Ac. No. 1	9:20 a m	Freeport Ac. No. 1	8:20 a m
Sharpsburg Ac	11:20 a m	Express	10:40 a m
Express	2:20 p m	Sharpsburg Ac	1:20 p m
Springdale Ac No. 1	3:10 p m	Freeport Ac. No. 2	4:05 p m
Freeport Ac. No. 2	5:20 p m	Mail	5:50 p m
Springdale Ac. No. 2	6:30 p m	Springdale Ac No. 2	6:20 p m

Above Trains run daily except Sunday.

The Church Train leaves Allegheny Junction every Sunday, at 7:40 A. M., reaching Allegheny City at 9:50 A. M. Returning, leaves Allegheny City, at 1:20 P. M., and arrives at Allegheny Junction at 3:40 P. M.

The Train leaving Allegheny City at 6:20 A. M. makes direct connections at Freeport with Walker's Line of Stages for Butler, Hannahstown and Saxonburg. Through Tickets, too, may be purchased at the office, No. 3 St. Clair street, near Suspension Bridge, Pittsburgh, and at the Depot, Allegheny City.

For further information apply to
JAMES LEFFERTS, Agent,
Federal Street Depot.

The Western Pennsylvania Railroad will not assume any risk for Baggage, except for Wearing Apparel, and limit their responsibilities to One Hundred Dollars in value. All Baggage exceeding this amount in value will be at the risk of the owner, unless taken by special contract.

EDWARD H. WILLIAMS,
General Superintendent, Altoona, Pa.

PITTSBURGH, CINCINNATI AND ST. LOUIS RAILWAY, PAN HANDLE ROUTE. After NOVEMBER 14, 1869, Trains leave from and arrive at Union Depot, Pittsburgh, Pittsburgh Time.

DEPART.		ARRIVE.	
Mail	2:08 a m	Mail	12:13 p m
Southern Ex	2:28 p m	Southern Ex	5:00 a m
Fast Line	9:48 a m	Fast Line	7:18 p m
Mixed Ac	5:43 a m	Mixed Ac	7:33 p m
M'Donald's Ac	11:28 a m	M'Donald's Ac	7:33 a m
Steubenville Ac	3:43 p m	Steubenville Ac	10:33 a m
M'Donald's Ac	5:53 p m	M'Donald's Ac	3:23 p m
Sunday Church Train	12:58 p m	Sunday Church Train	9:58 a m

2:28 p. m. Train will leave daily.
12:13 p. m. Mail will arrive daily.

S. F. SCULL, General Ticket Agent,
Columbus, Ohio.
W. W. CARD, Supt., Dennison, Ohio.

PITTSBURGH, FORT WAYNE AND CHICAGO RAILWAY, AND CLEVELAND AND PITTSBURGH RAILROAD.

From NOVEMBER 14th, 1869, Trains will leave from and arrive at the Union Depot, Pittsburgh, City Time, as follows:

DEPART.		ARRIVE.	
Chicago Ex	2:08 a m	Chicago Ex	1:53 a m
Erie & Ygn Ex	7:28 a m	Pacific Express	12:58 a m
Cl. & Wlg Mail	6:38 a m	Wheeling Ex	10:48 a m
Chicago Mail	6:58 a m	Chicago Mail	7:18 p m
Fast Line	9:58 a m	Chic Ex & Mail	2:28 p m
Cl & Wlg Ex	2:08 p m	Cleveland Ac	2:38 p m
Chicago Ex	12:58 p m	Erie & Ygn Ex	2:28 p m
W'lle & Ygn Ex	4:03 p m	Cl. & Wlg Ex	7:08 p m
		Arrive in Allegheny.	
BeaverFallsAc	8:38 a m	Leetsdale Ac	6:53 a m
Leetsdale Ac	10:18 a m	Beaver Falls Ac	8:18 a m
Leetsdale Ac	11:53 a m	New Castle Ac	10:23 a m
Leetsdale Ac	2:48 p m	Enon Ac	12:13 p m
Enon Ac	4:28 p m	Leetsdale Ac	12:43 p m
Leetsdale Ac	5:13 p m	Beaver Falls Ac	5:03 p m
Rochester Ac	5:13 p m	Leetsdale Ac	5:53 p m
BeaverFallsAc	5:58 p m	Leetsdale Ac	7:33 p m
Fair Oaks, Sunday Church	1:13 p m	Sunday Church	9:58 a m

2:28 p m Chicago Express leaves daily.
12:08 p m Chicago Express arrives daily.

J. N. McCULLOUGH,
General Manager.

F. R. MYERS, General Passenger and Ticket Agent.

ALLENTOWN ROUTE TO THE EAST, SHORTEST AND FASTEST LINE between Pittsburgh and New York, via Harrisburg, Reading, Allentown and Easton. NO CHANGE OF CARS BETWEEN PITTSBURGH AND NEW YORK. SLEEPING CARS ON NIGHT TRAINS.

Trains leave Union Depot of Pennsylvania Railroad in Pittsburgh Daily.

Leave		Arrive	
Pittsburgh	2:10 a m	New York	6:35 p m
Pittsburgh	5:20 a m	New York	9:25 p m
Pittsburgh	12:35 p m	New York	6:00 a m
Pittsburgh	1:50 p m	New York	10:15 a m
Pittsburgh	7:40 p m	New York	11:50 a m

Leave New York from Station, Central Railroad, of New Jersey, foot of Liberty street.

Leave		Arrive	
New York	9:00 a m	In Pittsburgh	1:45 a m
New York	5:00 p m	In Pittsburgh	1:55 p m
New York	5:00 p m	In Pittsburgh	1:30 p m

On Sunday, leave Pittsburgh, at 12:30 p. m. only, and New York at 5 p. m. only.

Baggage checked to all points between Pittsburgh and New York.

H. P. BALDWIN,
General Passenger Agent.

ALLEGHENY VALLEY RAILROAD.

THE ONLY DIRECT ROUTE TO THE OIL REGIONS WITHOUT CHANGE OF CARS.

On and after MONDAY, November 22, 1869, two through Trains daily (except Sunday), will leave Pittsburgh Depot, corner Eleventh and Pike streets, for Franklin, Oil City, Buffalo, and all points in the Oil Regions.

Leave Pittsburgh.		Arrive at Pittsburgh.	
Day Express	7:15 a m	Day Express	5:30 p m
Night Express	8:00 p m	Night Express	7:00 a m
Brady's B'd Ac	3:15 p m	Brady's B'd Ac	10:05 a m
Freeport Acc'n	9:30 a m	Freeport Ac	6:20 p m
Soda Works Ac	6:30 p m	Soda Works Ac	7:05 a m
1st Hulton	6:40 a m	1st Hulton	7:55 a m
2d Hulton	11:50 a m	2d Hulton	1:55 p m
3d Hulton	5:00 p m	3d Hulton	7:15 p m
4th Hulton	11:00 p m	4th Hulton	7:40 p m
Church Train	1:10 p m	Church Train	10:10 a m

Express Trains stop only at principal points.
Accommodation Trains stop at all stations.

J. J. LAWRENCE, Gen'l. Supt.
THOS. M. KING, Ass't. Supt.

PITTSBURGH AND CONNELLSVILLE RAILROAD.

On and after TUESDAY, Nov. 17, 1868, the Trains will leave the Depot, corner Grant and Water streets, as follows:

	DEPART.	ARRIVE.
Mail to and from Uniontown	7:00 a m	6:30 p m
M'Keesport Accommodation	11:00 a m	2:00 p m
Express to and from Uniontown	3:00 p m	10:10 a m
West Newton Accommodation	4:00 p m	8:25 a m
Braddock's Accommodation	6:15 p m	7:55 a m
Night Accommodation to M'Keesport	10:30 p m	6:45 a m
Sunday Church Train to and from West Newton	1:00 p m	10:00 a m

For Tickets apply to E. M. RAYMOND, Agent.
WM. B. STOUT, Supt.

CITY ADVERTISEMENTS.

OFFICE OF CITY ENGINEER AND SURVEYOR, }
Pittsburgh, December 4, 1869. }

NOTICE.—THE ASSESSMENT FOR GRADING, PAVING AND CURBING St. Patrick's alley, from Marion to Miltenberger street, is now ready and can be seen at this office until WEDNESDAY, December 15th, 1869, when it will be transferred to the City Treasurer's Office for collection.

H. J. MOORE, City Engineer.

OFFICE OF CITY ENGINEER AND SURVEYOR, }
Pittsburgh November 27, 1869. }

NOTICE.—THE ASSESSMENT FOR Paving and Curbing Wylie avenue, from Crawford to De Villiers street, and Grading, Paving and Curbing Roberts street, from Center avenue to Reed street, are now ready for examination, and can be seen at this office until TUESDAY, December 7th, 1869, when they will be transferred to the City Treasurer's Office for collection.

H. J. MOORE, City Engineer.

IN THE WIDENING OF ERIN STREET, in the City of Pittsburgh.

Court of Quarter Sessions. No. 17, March Session, 1869. Miscellaneous Docket.

All persons interested are hereby notified that the Assessment of Damages and Benefits as made by the Viewers appointed by the Court in the above case, has been approved, and all parties assessed with benefits are hereby required to pay the same within thirty days from this date, otherwise they will be entered as liens against the property and collected according to law.

J. F. SLAGLE, City Attorney,
No. 106 FIFTH AVENUE.

RIVER PACKETS.

LOUISVILLE.

For Cincinnati and Louisville.
THIS DAY, December 7—12 M.

THE FINE PASSENGER Steamer ARGOSY, GEORGE D. MOORE, Commander, will leave as announced above.

For Freight or Passage apply on board or to
JAS. COLLINS,
CHARLES BARNES, or
GHRIEST & PORTER, Agents.

NEW ORLEANS.

For Cairo, Memphis and New Orleans.
WEDNESDAY, December 8—4 P. M.

THE FIRST-CLASS PASSENGER Steamer SALLIE, T. S. CALHOUN, Commander, will leave as announced above.

For Freight or Passage apply on board or to
FLACK & COLLINGWOOD, Agents.

For Cairo, Memphis and New Orleans.
THIS DAY, December 7—10 A. M.

THE POWERFUL TOWBOAT WILD DUCK and Barges Dove and Swan, J. W. ANAWALT, Commander, will leave as announced above.

For Freight apply on board, to
Capt. J. W. ANAWALT, or to
CHARLES BARNES, or
GHRIEST & PORTER, Agents.

NASHVILLE PACKET.

For Evansville, Clarksville and Nashville.
TUESDAY, December 7—4 P. M.

THE FINE PASSENGER Steamer CAMELIA, R. C. MASON, Commander, will leave as announced above.

For Freight or Passage apply on Board or to
FLACK & COLLINGWOOD, or
GHRIEST & PORTER, Agents.

FRUIT TREES.

A LARGE STOCK OF FRUIT and ORNAMENTAL TREES, EVERGREENS, VINES, ROSES, BULBS, &c.

For sale by
J. R. & A. MURDOCH,
112 Smithfield street.

Catalogues mailed free on application.

[Continued from First Page.]

secure the greater advantage to themselves. But a more serious evil is found in the practice, quite general, of allowing persons to follow a fraudulent course until a result is reached which will inure to the benefit of the officers and informers, instead of checking criminal practices at the outset. It is impossible to set forth in exact language the character of the evils that grow out of the present system. I am, however, clearly of opinion that the government ought to rely on the public officers for the proper performance of their duties without stimulating them by any contingent advantages. I have recommended an increase of salaries of custom officers, and the abolition of the system of giving to them a share of fines, penalties and forfeitures will be an additional reason for an increase of salary.

In this department of the public service, it has become a practice for clerks and other persons who have held office in the Treasury Department to accept employment as agents or attorneys for parties having claims against the Department; and there is reason to believe that in some instances the information obtained while in the public service has been used in aid of claimants. Without detailing all of the objections to this practice, I respectfully suggest that a law be passed barring persons from practicing before the Treasury Department as agents or attornies in behalf of claims that were pending when such persons were officers of the Department.

In March last there were employed in the Treasury Department at Washington 2,818 clerks, messengers and laborers, at a monthly cost of $285,921 51. At present the whole number of such employees is 2,441, and their monthly pay amounts to $238,280 80, showing a decrease of expenses at the rate of $67,168 04 per annum. It was found necessary, however, during the period mentioned, to increase the force in the Internal Revenue office and in the office of the First Comptroller. This increase in the aggregate is at the rate of $80,440 per annum. This statement does not relate to the force employed in the bureau of engraving and printing.

In March last there were sixty-two special agents in the service of the department, receiving in the aggregate for their services the sum of $371 10 per day. Each of these agents made his report to the department, and acted under its direct orders. The number at present employed is fifty-four, and their daily pay amounts to $368 85. The pay of the agents has been increased generally, in the hope that more efficient services might be obtained.

The seacoast frontiers of the country have been divided into sixteen special agency districts, and a superintendent appointed for each. Assistants have been appointed, detailed to act under the several district agents. The orders of the department are in all cases sent to the agents in charge of the district, and the reports of his assistants are made to him. The agent is required to make a monthly report of his own doings and of the doings of his subordinates. The results thus far obtained appear to justify the organization introduced.

Arrangements have been made for the manufacture of paper for the currency and other obligations of the United States, and for the printing of the same, which will increase the security of the Government against unlawful issue from genuine plates. Under the eleventh section of an act approved June 30, 1864, entitled "an act to provide ways and means for the support of the Government and for other purposes," a peculiar paper has been designated as the Government paper, and by that act it is made felony for any person to have or retain in his possession any similar paper adapted to the making of any obligations or security of the United States, except under authority of the Secretary of the Treasury or some other proper officer of the United States. Arrangements have been made for the manufacture of this paper by Messrs. Wilcox & Co., near Philadelphia, and the mills owned by them, which are exclusively devoted to this purpose, have been placed under the supervision of officers of the Government, and such precautions have been taken for the custody of portions of the machinery as to render it improbable that the paper manufactured can be obtained by dishonest means. It is received by an agent of the Government stationed at the mills, and upon requisition of the department it is shipped to the National Bank Note Company, the American Bank Note Company, and the Printing Bureau of the Treasury Department, as the case may require. Arrangements have also been made with each of the two companies mentioned for the preparing of plates for every issue of currency or other obligation. The engraving and printing bureau at Washington prepares a third set, and each office places an imprint upon every obligation of the government. Notice of the transmission of paper from the agent at the mills and its receipt by each of the several offices of the deliveries therefrom to the sealing bureau in the Treasury Department, and also of deliveries to the Treasurer of the United States, is given each day by telegram or by letter, and on the following day accountants in the Treasury Department prepare a statement showing the disposition of every sheet of paper manufactured. In the month of November the paper at the mill and in each of the several printing establishments was carefully counted, and the result compared with the accounts in the Treasury Department. In an aggregate of about 7,000,000 of sheets received by the agent at the mills, descrepancies were found to the extent of sixty sheets of fractional currency paper, and for the money value of which the companies doing the work are responsible. It is believed that these arrangements furnish better security than has heretofore existed against the fraudulent issue of currency or other obligations of the Government. By the use of the original dies or plates, and the system of frequent examinations of the several establishments entrusted with the work, will disclose at once any discrepancies in the accounts. It is not probable that the changes made will diminish the expense. Indeed the cost is greater than it would be if the work in all its branches were done in the Treasury Department. In my judgment, however, the additional security is of more consequence to the Government than were economy in the expense of engraving and printing.

The marine hospital service of the country is, upon the whole, in an unsatisfactory condition. Several hospitals have been erected at points where at present they are not needed, while great commercial cities like New York, Philadelphia and Baltimore have no hospital accommodations for sick and disabled seamen. A careful examination of these institutions has been made by Dr. Stewart, of the Treasury Department, and by Dr. Billings, of the United States Army. The result of these examinations is that several hospitals have not been properly managed; others should be closed, and that hospitals should be erected at New York, Baltimore and Philadelphia. Measures have already been taken for the sale of the hospitals of several places where they are not needed. The hospital of New Orleans is represented as unsuitable from bad location and other circumstances. The War Department is in possession of suitable hospitals at New Orleans and New York, which I am informed are no longer needed for the use of the army. I respectfully recommend that they be transferred to the Treasury Department.

The revenue marine system is an important and expensive branch of the customs revenue service. There thirty-six vessels belonging to the Department, of which twelve are sailing vessels and twenty are steamers. They vary in size from forty to four hundred and eighty tons. One hundred and seventy-three officers and twenty-four hundred men are required to man these vessels, and their running expenses amount to about $865,000 a year. Five of these vessels, side-wheel steamers of 480 tons burden, are lake steamers, and out of commission. They are rapidly diminishing in value, while the care of them involves an annual expense of about $70,000. The vessels now in service have been purchased and built at various times and, as far as I can ascertain, without special reference to the nature of the duty to be performed, and certainly without any matured plan. From one-half to three-fourths of the whole number are not adapted to the business. Congress recently appropriated $300,000 for the construction of four additional vessels, and proposals were issued and bids received under the authority thus conferred upon the Secretary of the Treasury, but no contracts have yet been made. An examination of the subject has forced the conviction upon me that it is inexpedient to incur the expenditure until the Department is in possession of more accurate and complete information. I shall, therefore, take the opinion of a board of competent officers upon the following points: First, Size and character of vessels required by the nature of the service that they are to perform; second, whether they should be constructed of iron or wood, or of a combination of these materials. When the report of the commission shall have been received, proposals will be issued for the construction of four vessels as authorized.

In addition to the parent mint at Philadelphia, six branch mints have been established at various times in different parts of the country—one at San Francisco, one at New Orleans, one at Charlotte, N. C., one at Dahlonega, Ga., one at Denver, Col., and one at Portland, Oregon. Since the commencement of the war the branches at New Orleans, Dahlonega and Charlotte have been closed. An assay office, it is believed, will satisfy the necessity of the mining interests in Colorado, and for the present only a limited business will be done at the Portland mint. Indeed, with the construction of railroads and the consequently increasing facilities for communication, I am of opinion the business of coining will be chiefly at one mint upon the Pacific and at one mint on the Atlantic coast. Under an act of Congress passed July 23, 1866, preparations are making for the sale of the mints at Charlotte and Dahlonega. The mining and coining of the precious metals is now so large a national interest that it deserves more attention than it has hitherto received. At present there is no bureau or officer in the Treasury Department at Washington charged specially with the management of this great interest. I therefore recommend that provision be made for the appointment of a proper officer, to be entrusted with this branch of public business under direction of the Secretary of the Treasury. The coinage of the country is diminished in amount by the fact that in England and France the mint expenses are much less than with us. It would no doubt have a tendency to prevent the export of precious metals in the form of bullion if the mint charges were to be reduced or altogether abolished.

An agreement was made on the 11th day of February, 1869, between the Secretary of the Treasury on behalf of the United States, and certain parties in California, leasing a lot of land in San Francisco, known as the Custom House Block, for a period of twenty-five years. This lease is subject to the condition that it shall be void if Congress, on or before the first day of January, 1870, shall take adverse action in reference thereto. In view of the fact that the lease is for a long period of time, and being of the opinion that the Government should retain control of property that may be needed for public purpose, I think it expedient for Congress to annul the lease.

Considerable progress has been made upon the foundation of the postoffice building in the City of New York, and of the postoffice and independent treasury building in the City of Boston.

The supervising architect of the Treasury Department is of the opinion that the walls and roofs of the buildings may be completed during the next year, if sufficient appropriations are furnished. The work having been undertaken, I am of opinion that it is economical to make the necessary appropriations for their speedy completion.

During the month of December the department will be prepared to submit a report upon the condition of our commercial marine. That report will show that the navigation interests of the country have not recovered the losses sustained during the war, and that efficient measures are necessary for its restoration.

I cannot omit to call the attention of Congress to the inadequacy of the salaries paid to officers in the Treasury Department who exercise discretion, and whose acts bind the Government or affect directly its expenditures or resources. Some of the salaries were fixed when the Government was organized; others when new officers were added, and but few of them have been increased recently. It is unquestionably true that persons having equal abilities and responsibilities receive much larger compensation from individuals and corporations, and although many of the officers now in the public service are likely to continue from the circumstance that their vocation has led them aside from the ordinary channels of business, yet as an act of justice to them, and in the interest of the Government, I earnestly recommend an increase of pay. Speaking generally, this increase of pay should be extended to the revenue officers in the Custom service, such as collectors, surveyors, naval officers, and especially to appraisers and examiners in the appraiser's department. Should the recommendations to repeal the laws granting shares of penalties, fines and forfeitures to public officers be adopted, it will be necessary to increase the salaries of collectors, naval officers and surveyors at all the principal ports of the country. It is a plain truth that the Government has no right to expect the service of such competent men as appraisers and examiners at the present inadequate salaries. In the large cities they are insufficient for the support of a family, and under such circumstances the Government is not without responsibility when it places its officers in such a position that they are compelled to choose between dishonesty on the one hand and penury on the other. The salaries of the Assistant Treasurer and the principal officers should also be increased, and for substantially the same reasons.

It has been found impossible for the last few years to retain the services of the most efficient clerks in the Treasury Department except by additions to their lawful salaries through an appropriation placed in the hands of the Secretary for that purpose. The distribution of this appropriation is an unpleasant duty for the Secretary, and cannot be perfected without producing jealousies and discontents among the officers of the department. Speaking generally, it may be said that the heads of bureaus, chief clerks and clerks in charge of divisions are inadequately compensated for the services they perform. The routine business of the Department can be performed in a satisfactory manner by clerks receiving the compensation now provided by law, but one upon whose discretion and judgment the Government relies for the proper transaction of the business of the country, and whose labors are not limited to the ordinary hours of duty, should be made to feel that they are properly compensated.

There are two changes in the organization of the Treasury Department which I consider important. The first change to which I refer is to the creation of a Chief Comptroller of the Treasury, who shall be authorized to control the system of accounting by the several Auditors and Comptrollers, and to whom all appeals shall be made upon questions arising in the accounting offices of the Treasury. The creation of this officer, clothed with the powers indicated, will give uniformity to the accounting system, and I trust it will be in the power of the officer appointed to simplify the system and materially reduce the expenses of the department. In this particular, the second change to which I call attention is, in my opinion, even more important. At present there are eight divisions in the Secretary's office, whose duties are connected exclusively with the customs revenue system. There is no person except the Secretary of the Treasury, who is by law authorized to pass finally or in any way authoritatively upon questions arising in the administration of the customs revenue laws. At the present time the revenue from customs is as large as the revenue from the excise system; the number of men employed and the field of its operations are nearly as great. It is impossible for the Secretary of the Treasury to give the various questions that arise in the administration of the system that attention which is essential to the service. The duties of superintending the collection of the customs revenue are so varied, delicate and important as to justify and require the exclusive attention of the most competent persons whose service can be obtained.

The experience of the present year in the administration of the internal revenue system, and the collection of the excise tax, justifies the opinion that the establishment of the office of Commissioner of Customs Revenue, corresponding in powers and positions to that of the Commissioner of Internal Revenue and the appointment of a competent Commissioner, would render the execution of the customs laws much more efficient and harmonious, while the revenue would probably be increased to the amount of many millions of dollars annually. Nor is it probable that expenses would be materially greater.

Including interests earned and not paid and deducting cash on hand, the debt of the United States on the 1st of March last was $2,525,463,260 01, and subject to the same condition it was $2,453,559,735 25 on the 1st of the present month, showing a decrease of $71,903,524 78. This apparent decrease of the public debt is less than the actual decrease. Considerable sums have been paid on account of war and other old claims not previously ascertained, and therefore not included in any debt statement. The account of March 1st, from the necessity of the case, included only the interest accrued and not then payable, but as a matter of fact there were outstanding and over due interest coupons amounting to several millions, which have since been paid out of the ordinary revenue. Previous to March 1st no interest account had ever been kept with the several loans. Such measures as were found practical have since been taken to ascertain the exact condition of these amounts. The bonds issued by the United States in aid of railways amounting to $62,925,320, being in the nature of a loan are not included in the foregoing statement.

During the fiscal year ending June 30, 1869, there was an excess of receipts over expenditures, including the interest on the public debt, of $49,453,149 46. Of this excess $11,992,370 05, as nearly as can now be ascertained, arose previous to March 1st and the remainder, $36,460,779 43, between that time and the first day of July. This excess was applied from time to time to the purchase of 5-20 bonds, and the excess of receipts since July 1st has been used in the same manner. The purchases amounted in the aggregate on the 30th day of November to $75,476,800. As a large part of the excess of receipts was realized in coin, sales of gold have been made from time to time, and the proceeds applied to the purchase of bonds. With the exception of some Chicago, New Orleans, St. Louis and Baltimore, for the payment of duties, the sales of gold and the purchases of bonds have been made uniform through the agency of the United States Treasury, and without any expense to the government, except the comparatively small amount paid for advertising the proposals. The average premiums on gold sold since March 1st has been 132 8-10 per cent., and the average premium paid for bonds has been 169 8-100 per cent.

On this basis on the sales of gold and purchase of bonds, the average price paid for bonds in coin has been 88 55-100 per cent.

The act of February 25th, 1862, provided that the coin received for duties upon imported goods should be annually set apart as a sinking fund to the extent of one per centum of the entire indebtedness of the United States. In conformity with this requirement, I have purchased bonds to the amount of $20,044,800, and designated them as belonging to the sinking fund. These purchases are a substantial compliance with the statute. From the fourth of March last I have not felt myself authorized or required to make any provision for the time that elapsed from the passage of the act and previous to the commencement of the administration. With the excess of means at my command I have purchased bonds, in addition to those purchased for the sinking fund, to the amount of $55,432,000. These are held as a special fund, subject to the action of Congress, and I respectfully recommend that they be added to the sinking fund, and that any further purchases that may be made be so added until the gross amount shall constitute a fund equal to that which would have been created if there had been no delay in the execution of the law.

The depreciation of the currency is due to two causes: First, an excessive issue; and secondly, to the want of faith in the Government. The extent of the influence of the first named cause cannot be ascertained until the second is removed, substantially, whenever our credit shall be so much improved at home and abroad that holders of our bonds are disposed to retain them when the public mind is excited upon financial subjects, we shall be able to judge more accurately the extent of the over issue of paper money. It is also true that the quantity of currency necessary for the transaction of the business of the country cannot be fixed accurately. Since the close of the war the wants of the States of the South have increased, and consequently a large amount of currency has been withdrawn from other sections to supply the demand there created. The amount necessary for the purposes of the South will steadily increase for the next two years. The construction of the Pacific Railroad is likely to result in the substitution of paper for coin by the people on the Pacific coast. It is probable that the demand for paper for that purpose will not be less than $30,000,000. As a consequence a very large quantity of coin will be withdrawn from circulation, and thus practically the coin will be increased upon the Atlantic coast, and the paper circulation in the States east of the Rocky Mountains will be materially reduced. These changes will tend to diminish the difference between paper and coin. The ability of the country to resume specie payment will not be due to any special legislation upon the subject, but to the condition of its industries and its financial relations to other countries. These, of course, will be more or less dependent on the general policy of the Government.

The war exhausted the country of its material wealth, and the States of the South were literally impoverished. A necessary condition for the resumption of specie payments was the development of the industry of the nation, both South and North, and the consequent accumulation of moveable products of industry to such an extent that our exports of those products should be equal substantially to our imports. So long as it is necessary to pay for merchandise imported by the transfer of Government bonds or other evidences of indebtedness to other countries, so long it will be impracticable to resume and maintain specie payment. When the products of industry exported shall be equal substantially to the products of other countries imported, there will be no demand for specie for export except what may arise from circumstances, that our bonds held abroad are sent home, sold on our markets and the proceeds exported in coin; when the credit of the country shall be fully established in Europe, and there shall be no doubt either of our ability or disposition to meet all of our obligations, bonds heretofore and now to a large extent held by merchants and bankers will be transferred to capitalists for permanent investment. When this change shall have taken place, the probability of our securities being sent home under the influence of political or financial disturbances in England will be very light, and when as a concurring fact our exports, exclusive of public securities, shall be equal to our imports, specie payments may be resumed without even a temporary embarrassment to the business of the country. [Note—8 P. M.—Here follows the portion sent this afternoon down to the signature of Secretary Boutwell.]

One of the most efficient means of strengthening the country in its financial relations with other countries is the developement of our commercial marine. The returns show that a very large amount of the foreign trade is in English hands. We are not only thus dependent upon a rival country for the performance of the business which should be in the hands of our own people, but our ability to maintain specie payments is materially diminished. If the entire foreign trade of the country, both of exports and imports, were carried on in American ships, the earnings would not be less than seventy-five millions of dollars. Were the trade exclusively in American hands, a large part of this difference of forty-two millions of dollars would be due to citizens of the United States, and payable in other countries. This amount would be thus added to our ability to pay for goods imported from those countries. If for example an American citizen purchase in New York a thousand barrels of flour for six thousand dollars, and exports it to Liverpool in an American vessel, and it is then sold for seven thousand dollars, a bill of exchange may be drawn against the proceeds and an invoice of goods of the value of seven thousand dollars purchased in England entirely liquidated, although at the Custom House of New York there would be an apparent balance against the country of one thousand dollars. But if, on the other hand, the one thousand barrels of flour are exported in a British vessel, the proceeds of the flour realized in New York, and which can be applied to the payment of goods bought in England, will be only six thousand dollars, and there will remain an actual balance against the country of a thousand dollars. This familiar example shows the importance of re-establishing our commercial supremacy upon the ocean, and I deem it, therefore, essential to our prosperity that the shipping interest of the country be fostered, not only as a nursery for seamen, but also as an essential agency in enabling the government to institute and maintain specie payments. It is an interest also which, in its development, is as important to the States and people remote from the sea coast as it is to the maritime sections. Every addition to our facilities for the export of the products of the interior is as advantageous to the producers as to the merchant and ship builders of the coast. While I do not anticipate that it will be necessary to delay resumption until our proper commercial position is regained, I am satisfied that the development of the navigation and ship building interests will improve the credit and rapidly augment the wealth of the country.

The suggestions that I have made indicate my opinion that it will not be wise to resume specie payments while so large a part of the interest bearing debt of the country is represented by five-twenty bonds and held by European merchants, bankers and manufacturers. Questions that have been raised in regard to the nature of the obligation assumed by the Government in the issue of these bonds have undoubtedly deterred many persons from purchasing them as a permanent investment, and consequently they are largely held in this country and Europe for speculative purposes by persons who design to put them upon the market whenever an advance shall furnish a sufficient inducement, or when political or financial disturbances may create a demand for money for other purposes. It is probable that from seven to nine hundred millions of these bonds are now held in Europe, and to a considerable extent by persons who will dispose of them under the influence to which I have referred. Such a panic as exploded in Europe in 1866 at the opening of the Austrian and Prussian war would be likely to induce the return of a sufficient amount to this country for sale to embarrass business, and in case of resumption to cause the suspension of the banks. It is, therefore, in my judgment, essential that the largest part of the five-twenty bonds be withdrawn, and that other bonds be substituted in their place, issued upon terms and conditions which admit of no doubt. In fine, the practical question is not merely the resumption of specie payments. As a measure by itself, it is not difficult, but the problem is to resume under such circumstances that the position can be maintained not only in times of tranquility, but also in time of financial disquiet.

Our course, it seems to me, is plain. Every measure of the Government bearing upon the subject should tend to appreciate the value of our paper currency. It is probable that some decrease in the volume of paper will ultimately be necessary, and I therefore respectfully suggest that the Secretary of the Treasury be clothed with authority to reduce the circulation of United States notes in amount not exceeding two million dollars in any one month. Thus will the country be brought, gradually it may be, and yet without disaster, into a condition when the resumption of specie payments will be easy if not unavoidable.

On the 1st of December, 1869, the principal of the public debt of the United States, not deducting bonds and cash on hand, amounted to $2,605,286,789 82. Of this amount the sum of $356,113,258 50 is represented by United States note-bearing interest. The larger part of this is needed for circulation, but the amount can be ordered from the ordinary revenue of the country, if Congress shall consider it expedient to make provision for such reduction. The fractional currency in circulation was $38,885,564 60, and there is no occasion for any legislation in reference to this item of the public debt. There were outstanding also certificates for gold deposited in the Treasury to the amount of $36,862,940. These certificates are redeemable on presentation. These three items amount in the aggregate to $431,861,763 18; and in making provision for the public debt they are not necessary to be considered. Of the loan of January 1st, 1851, the sum of $7,022,000 is outstanding and payable on the 1st of January, 1871. The loan of 1858, of twenty million dollars, is payable in 1873. The bonds known as ten-forty bonds, amounting to $194,567,860, are not payable until 1874. The six per cent. bonds, payable in 1881, amount to $283,677,600. As to the bonds known as '81s and 10-44s, amounting in the aggregate to $178,241,900, they are not due and cannot be paid previous to 1874 and 1881. It is unnecessary to consider them in making provision for a new loan. The 5-20 bonds, amounting in the aggregate to $1,602,671,100, are either due or will soon become due, and it is to this class of the public debt, and to this class alone that attention should be directed. Of this amount the sum of $55,477,800 has been purchased since March last, and the bonds are now held by the Government. Before any measure for funding the 5-20 bonds can be consummated, the Government will be able to purchase at least $75,000,000 more. There will then remain on the 1st of July next about $1,450,000,000 of the 5-20 bonds in the hands of public creditors.

Of the entire indebtedness of the United States, only the unimportant sum of twenty-seven million dollars will be due and payable previous to 1874. Under these circumstances, it does not seem to me to be wise to authorize the funding of the whole amount of 5-20 bonds, which, as is now anticipated, will be outstanding on the 1st July next, but that $250,000,000 at least should be suffered to remain either for purchase or redemption previous to 1874. Should the sum of $250,000,000 be left for that purpose, the entire public debt would be in a condition to be easily redeemed. Between 1874 and 1881. The 10-40 bonds could be paid, and provision also made for the redemption of bonds which will become due in the year 1881. It may be wise to reduce the proposed loan to $1,000,000,000, which would then leave for payment previous to 1881 the sum of about $670,000,000, or hardly more than $60,000,000 a year, assuming that the proposed loan will be for an amount not exceeding $1,200,000,000. I recommend that it be offered in three classes of $400,000,000 each, the first class of $400,000,000 to be payable in fifteen years, and to be paid in twenty years; the second class of $400,000,000 to be payable in twenty years, and to be paid in twenty-five years; the third class of $400,000,000 to be payable in twenty-five years and to be paid in thirty years.

The essential conditions of the new loan appears to me to be there; first, that the principal and interest shall be made payable in coin; second, that the bonds known as 5-20 bonds shall be received in exchange for new bonds; third, that the principal be payable in this country and interest payable either in the United States or Europe, as the subscribers to the loans may desire; fourth, that the rate of interest shall not exceed four and one-half per cent. per annum; fifth, that subscribers in Europe shall receive their interest at London, Paris, Berlin or Frankfort, as they may elect; sixth, that the bonds, both principal and interest, shall be free from all taxes, deductions or abatements of any sort, unless it shall be thought wise to subject the citizens of the United States to such tax upon income and from bonds as is imposed by the laws of the United States upon incomes derived from other money investments.

There are two reasons, and each seem to be controlling reasons, why bonds should be exempt from state and local taxes. If not so exempt, the amount of the taxes imposed by the local authority will be added to the interest the Government will be required to pay, and thus the national Government will be compelled to provide for taxes imposed by the local authorities. Secondly, in as much the ability to borrow may, under some circumstances, be essential to the procrastination of the Government, the power should not, even in time of peace and prosperity, be qualified by any concession to the States of the right to tax the means by which the national Government is maintained. The right to use lawful powers free of any condition, restriction or claim of another, is an essential condition of sovereignty, and the national Government should never surrender or qualify its power in this particular. In offering the new loan, citizens and subjects of other governments should receive the strongest assurance that the interest and principal are to be paid in coin, according to the terms of the bonds issued, without any deduction or abatement whatsoever. In order to avoid the necessity of employing agents for the negotiation of the loan, I respectfully recommend that a liberal commission be allowed to subscribers, and that those who first subscribe be permitted to select the class of bonds in which their subscriptions respectively shall be made.

A further recommend, in connection with the proposed loan, that banks established under the act to provide national currency be required to substitute bonds that may be issued under the proposed loans for those for redemption of their bills. Should any bank be unwilling to accept this new condition, provision should be made for the surrender of its charter and authority given for the organization of new banks to supply the deficiency thus created. An essential condition to the success of the proposed new is the continuance of the present revenue system. A chief means by which the present holders of 5-20 bonds can be induced to surrender them and receive a bond upon longer time, and at a lower rate of interest, is the certainty furnished by the magnitude of the national revenue that these bonds are soon to be redeemed. We must be prepared to offer them the alternative either of accepting the new bond at a lower rate of interest, or payment of the principal of the existing bonds. When the 5-20 bonds shall have been funded to the amount of $1,000,000,000 or $1,200,000,000, the revenues can be reduced materially, and yet sufficient seems to be raised to meet the ordinary expenses of the government, to pay the interest on the public debt, and also to pay $25,000,000 to $50,000,000 of the principal annually. Should our success in negotiating the loan be equal to my expectations, based upon the fact that the ability and disposition of the people of the United States to pay the public debt are sufficient to justify us in assuming, the bonds of the United States will command the highest rates in the market of the world: we shall then be in a condition to enter upon the work of reducing taxation at the commencement of the next session of Congress.

On the 30th of June, 1868, the amount of outstanding three per cent certificates and compound interest notes convertible into three per cent. certificates was $71,604,890.

On the 30th of June, 1869, the amount outstanding was $54,991,410, showing a reduction of $16,613,480 in that form of indebtedness. On the 1st of December, 1869, the amount outstanding was still further reduced to $49,716,750, showing a total reduction in seventeen months of $21,888,140. The three per cent. certificates are a substitute to a considerable extent for United States notes, being largely held by the banks as a portion of their reserve, and thus indirectly, though not to their full nominal value, they swell the volume of currency. I recommend that provision be made for the redemption of three per cent. certificates within a reasonable time, and as a compensating measure for the reduction in the amount of the currency which would thus be caused, that authority be given to grant charters for banks in the States where the banking capital is less than the share to which they would have been entitled, to an amount not exceeding $35,000,000 in the aggregate. The redemption of the three per cent. certificates and the additions to the banking capital might be so arranged as not to produce a serious disturbance in the finances or business of the country, while additional banking capital would be supplied to the sections now in need of it, and this without any increase of the values of circulation.

There are two evils in the present banking system which require remedy by prompt and efficient legislation. The first is the practice on the part of banks of allowing interest upon deposits. The effect of this practice is that moneys in the hands of individuals, which otherwise might be loaned for regular mercantile and other business purposes, are diverted into the custody of banks, upon the idea that if the security is not better, payment can be obtained at a moment's notice. Country banks and others remote from the large centers of trade having received money on deposit, for which they pay interest, are anxious to transfer such funds to other banks, from which they will receive an equal or larger amount of interest in return. They are stimulated also by the desire to place their funds where they can be all times commanded. Thus influenced, large sums are placed on deposit with banks in cities, especially in the city of New York, which is the great center of trade and finance for the Atlantic coast. In the ordinary course of trade the currency of the country tends rapidly to the cities. It is unwise to stimulate this tendency by artificial means. But the evil does not end with the impoverishment of the country. As the banks in the cities may be called upon at any moment to respond to the drafts of their depositors, they decline to make loans representing such funds upon commercial paper, payable on time, but insist upon making call loans, as they are termed, with Government bonds or other obligations pledged as collateral security. Merchants generally will not borrow money in large sums payable upon demand. The consequence is that moneys thus accumulated in the city banks are loaned to persons engaged in speculative pursuits. The extent of this evil is seen in the fact of the bank loans in the city of New York in October, 1868, $98,000,000 were upon commercial paper and $88,000,000 upon demand, with a pledge of collaterals and in October, 1869, $89,000,000, were upon commercial paper, and $59,000,000 upon demand. In the former year 91 per cent. and in the latter year 37 per cent. of the loans made by the New York banks were upon demand. A further result is seen in the fact that parties borrowing money upon commercial paper, for legitimate commercial purposes, pay from three to six per cent. additional interest per annum, as compared with persons who borrow money for speculative purposes. I therefore respectfully recommend that a law be passed prohibiting absolutely the payment of interest by banks upon deposits, and limiting also their loans upon collaterals to an amount not exceeding ten per cent. of their capital.

I am satisfied also that the practice of certifying checks, even when funds are in the bank to the credit of the drawer of the check, is fraught with evil, and that it ought to be entirely prohibited.

The following statement exhibits the receipts and expenditures for the fiscal year ending June 30th, 1869:

RECEIPTS.

Customs	$180,048,426 63
Internal Revenue	158,356,460 86
Lands	4,020,344 34
Direct tax	765,685 61
Miscellaneous sources	27,752,829 77
Total, exclusive of loans	$370,943,747 21

EXPENDITURES.

Civil service	$56,474,061 53
Pensions and Indians	35,519,544 84
War Department	78,501,990 61
Navy Department	20,000,757 97
Interest on the public debt	130,694,242 80
Premium on 7 30-100 United States Treasury notes	300,000 00
Total, exclusive of loans	$321,490,597 75

Receipts in excess of expenditures $49,453,149 46.

The following statement exhibits the receipts and expenditures for the quarter ending September 30, 1869:

RECEIPTS.

Customs	$52,598,921 86
Internal revenue	47,936,352 51
Lands	893,851 08
Miscellaneous sources	7,412,483 57
Total, exclusive of loans	$108,831,622 02

EXPENDITURES.

After deducting the amount of repayments by disbursing officers and others:

Civil service	$15,102,202 05
Indians and pensions	13,547,912 79
War Department	13,599,498 05
Navy Department	5,782,630 96
Interest on the public debt	37,452,270 74
Total, exclusive of loans	$85,480,514 59
Receipts in excess of expenditures	23,351,107 44

The estimated receipts and expenditures for the three remaining quarters of the fiscal year ending June 30, 1870, are as follows:

RECEIPTS.

Customs	$135,000,000 00
Internal Revenue	127,000,000 00
Lands	4,000,000 00
Miscellaneous sources	20,000,000 00
Total	$286,000,000 00

EXPENDITURES.

Civil service	$40,000,000 00
Pensions and Indians	21,000,000 00
War Department	40,500,000 00
Navy Department	14,000,000 00
Interest on public debt	93,750,000 00
Total	$209,250,000 00
Estimated receipts in excess of expenditures	76,750,000 00

The estimated receipts and expenditures, based upon the existing laws, for the fiscal year ending June 30, 1871:

RECEIPTS.

Customs	$185,000,000 00
Internal Revenue	175,000,000 00
Lands	5,000,000 00
Miscellaneous sources	28,000,000 00
Total	$393,000,000 00

EXPENDITURES.

Civil, foreign and miscellaneous	$60,000,000 00
Interior, Indians and Pensions	34,000,000 00
War Department	50,000,000 00
Navy Department	18,000,000 00
Interest on the Public Debt	129,000,000 00
Total	$291,000,000 00
Estimated receipts in excess of expenditures	$102,000,000 00

"The foregoing estimates of receipts are made upon the assumption that the laws now in force relating to customs and internal revenue will not be so changed as to materially affect the revenue, and the estimate of expenditures are based upon the expectation that no extraordinary appropriations will be made.

[Signed,] GEO. S. BOUTWELL,
Secretary of the Treasury.

NEW YORK.

NEW YORK, December 6, 1869.

BLACHFORD ADMITTED TO BAIL.

Blatchford, charged with complicity in the drawback frauds, has been admitted to bail in $10,000.

FALL OF BUILDINGS.

Two four story buildings on Furman street, Brooklyn, fell yesterday. They were the center of four buildings in the course of construction, and were owned by Moses S. Beach. Loss estimated at $10,000. No person hurt.

VERDICT IN THE RICHARDSON CASE.

The Coroner's Jury have returned a verdict that Richardson came to his death from the effects of a pistol ball discharged by McFarland. The prisoner on being examined made a brief statement by counsel, Judge Graham. He waited for his vindication the impartial trial guaranteed him by the laws of the State. He was committed to await the action of the Grand Jury.

THE HORNET CASE.

Mr. Phelps, Assistant District Attorney, just returned from Wilmington, reports the case of the steamer Hornet decided in favor of the United States.

THE MAYORALTY.

It being doubtful whether Mayor Hall is entitled legally to the Mayoralty after this month, provision has been made for a vote for that office to-morrow. Hall has had tickets printed, and will probably have no opponent.

WASHINGTON.

The Reassembling of Congress.

Favorable Reception of the Message of the President—His Recommendations Informally Approved—The Government Expenses for the Next Fiscal Year—Proposed Census Schedules—Consolidation of the Staff Corps—Public Printing Expenses—The Senate Committees.

Special Dispatch to the Commercial.

WASHINGTON, December 6, 1869.

Opening of Congress.

The second session of the Forty-first Congress opened with a most disagreeable day. There was rain this morning, sleet this noon and snow this evening. The storm was so severe and the walking so bad that the attendance at the Capitol was much less than usual. Mr. Thornton was the only one of the Foreign ministers present, though most of the others were represented by their secretaries. For half an hour before order was called, the floor of each branch of Congress was thronged with people, and there was the usual amount of handshaking and congratulation. Good feeling prevailed. The talk indicated a pleasant and agreeable session. All the galleries were pretty well filled, but none of them crowded, and there was a noticeable vacancy in the diplomatic galleries. Among these on the floor of the Senate during the afternoon were General Sherman, Governor Lowe, the new Minister to China, Governor Bullock of Georgia, and Governor Walker of Virginia. Senor Lemus, late head of the Cuban Junta, was in the Senate gallery, with a number of sympathizers. The regular report shows fully enough what was done in Congress during the day.

General Satisfaction With the Message.

The reading of the message occupied about an hour, and it was listened to with the closest attention in both houses, and the general comment to-night is very favorable to its good sense, clearness of idea and vigor of expression. The Cuba lobby is in great wrath at the manner in which the President gives them the cold shoulder, and see clearly that it is not worth while for them to expect much from Congress at present. Senor Lemus looked very gloomy when this part of the message was read. Everybody was glad to hear the President reiterate his views of last February on the Alabama claims question. It will be noticed that they are similar in general terms to those taken by Mr Sumner in his speech on the Johnson-Clarendon treaty. The principal discussion in all circles is on the financial part of the message, and on the report of the Secretary of the Treasury. The last named document was not read to Congress, but the tenor of its recommendations soon got abroad. The Eastern members seem more generally to favor an early return to specie payments than those from the West, many of whom talk about an increase of currency. The President's idea of redeeming currency at a fixed price is identical with that presented some weeks ago by Mr. Garfield. The tariff men find the message rather more favorable than they expected it would be, more from what is omitted than from what is said. The suggestion to remand Georgia back to the condition it was in when the State Legislature assembled took people by surprise, but it will probably be carried out, and a bill on the subject comes up in the Senate on Wednesday. The recommendation for the repeal of the tenure of office act will find some opposition, though the House is certain to pass the bill carrying it out, which Mr. Butler will bring in to-morrow, if he can get the floor. It is yet far too early to say how the financial recommendations of the message and report will be regarded when members have had a chance to carefully consider them, but it is certain that the finances are going to have early attention in both branches of Congress.

Estimates for the Coming Year.

The heads of the various Departments are prompt with their estimates for the coming year. They are in full as follows: Legislative, $2,833,891; Executive, $27,880,774; Civil List, $25,780,655; Military, $33,345,747; Naval, $24,798,297; Indian Affairs, $5,048,350; Pensions, $30,480,000; Public Works $34,000,000; Miscellaneous, $21,000,000; Postal service $12,000,000; total, $210,970,655. To these must be added about $13,500,000 for deficiencies from last year, making a grand aggregate of not far from $225,000,000, exclusive of interest on the public debt. A revision of postal and miscellaneous estimates will probably result in their reduction somewhat, and it may at once be set down as certain that Congress will not appropriate any such sum as $34,000,000 for public works, unless the views of members undergo a great change.

The Census Schedules.

The schedules presented by the Census Committee are: 1—Population; 2—mortality; 3—agriculture; 4—manufactures, to which is added mining; 5—mercantile, under which each merchant must return the amount of purchases and sales, number of persons employed, and capital invested; 9—social, under which, in addition to schools and churches, are included all reformatory and benevolent institutions; 7—transportation, to include full returns from all public carriers and freighters, number of employees, profits, expenses and accidents; 8—fisheries. Each of the schedules has been so extended as to cover far greater ground than in the census, while 6, 7 and 8 are wholly new. The bill is the order of the House for Wednesday.

Consolidation of Staff Corps.

The consolidation of the staff corps, as proposed in General Garfield's bill and recommended by General Sherman, contemplates a union of the Quartermaster, Commissary and Pay Departments, to be called the Department of Supply. The Ordnance Bureau was to be merged into the Artillery, and so pass into the line. A second department was formed of Inspectors and Adjutant Generals. It has just been ascertained that precisely such a consolidation as this is now going on in England, it having been brought about by a commission, which examined the leading officers, the same as our House Committee did.

Nominations by the President.

The President sent to the Senate about three hundred and fifty nominations to-day. They were not read, and therefore have not been made public. It is ascertained from the White House, however, that they were mostly of appointments to vacancies made in one way and another since last spring, and have been from time to time announced in the newspapers, so that there was very little of interest in the list.

Cost of Public Printing.

The report of the Public Printer for the year ending September 30, 1869, is out. The principal fact of general interest in it is that the whole expenditure of the printing office in the year was $1,507,240, which is about two hundred thousand dollars more than the expense of last year, and $90,000 less than in 1867. He recommends the enlargement of his buildings at an estimated cost of one hundred thousand dollars.

Senate Standing Committees.

The Republicans of the Senate met in caucus this afternoon, and appointed a committee of five to revise the standing committees of the Senate. Mr. Wilson is chairman, and they meet to-morrow morning to perform their work. The vacancy at the head of the Appropriation, occasioned by the death of Mr. Fessenden, will be filled with Mr. Morrill, and that on Foreign Affairs by Mr. Schurz. The chairmanship of Naval Affairs vacant by Mr. Grimes's resignation will probably be filled by Mr. Cragin.

EUROPE.

BY THE ATLANTIC CABLE.

The Ministerial Crisis in Italy—General Prim Showing Republican Tendencies—French Political Affairs—Prussia Denies Encouraging the Dalmatian Insurrection—A "Times" Correspondent Forbidden to Enter the Papal States.

Vessels for the Suez Canal.

LONDON, December 6.—Several vessels, engaged in blockade running during the late American war, have been chartered for the Suez Canal traffic. Dispatches from Port Said report that the Royal Sable and several other vessels got aground in the Canal, but all were towed off.

French Politics.

PARIS, December 6.—The political programme of Emile Ollivier and his partizans has been adopted, with some reservations, by the city seven Liveral Deputies, who are forming into a separate party. On the basis of this new party the formation of a parliamentary ministry under Ollivier will be possible. M. Glaise Vigera, the opposition candidate, has been elected to the Corps Legislatiff from the Fourth District of Paris, receiving 17,000 votes.

Circular from Prussia.

BERLIN, December 6.—It is reported the Prussian Foreign Office has sent out a circular denying that there is any foundation whatever for the charge, originating in Austria, that Prussia encourages the insurrection in Dalmatia.

Prim Changing to the Republicans.

PARIS, December 6.—Letters from Madrid assert that General Prim shows a decided leaning in the direction of the Republican party.

The Ministerial Crisis in Italy.

FLORENCE, December 6.—The ministerial crisis is still pending. General Cialdini has been asked by the King to form a new Cabinet.

Not Wanted in the Papal States.

LONDON, December 6.—A correspondent of the London *Times* has been prohibited from entering the Papal States.

NEWS SUMMARY.

BY TELEGRAPH.

Charles Vanduzen, a wealthy citizen, donates $50,000 to form a vigilance committee to rid New York of thieves and murderers, the committee to be organized January 1st.

A petition signed by 29,748 citizens of Philadelphia, for the recognition of the Republic of Cuba, has reached Washington, and will be presented to Congress immediately.

James H. Brown, on trial in Cleveland for the murder of his wife in Berea, Ohio, some months since, has been convicted of murder in the second degree.

A letter from Madrid reports the progress of Minister Sickles' Cuba diplomacy, with the members of the Spanish Cabinet, to November 8th. Native prejudices were being dissipated rapidly, and the question of the sale and transfer of the island was talked over quietly, during the recess of a very pleasant ministerial feast.

Ex-Deputy Collector Blatchford, who escaped to Canada, has returned to New York. It is believed that the return of Blatchford will result in the sudden departure from the country of more than one official who have so far considered themselves safe.

The Norfolk, Va., Board of Trade have adopted resolutions favoring the establishment of a line of American ocean steamers from the Southern States to Europe.

Joshua Jones and Lewis Carpenter, both colored, have been sentenced to death February 4th, at Wilmington, Del., for an atrocious assault on Mrs. Mary Merideth, a white woman.

Robbery of the Upper Sandusky, Ohio, Postoffice.

Special Dispatch to the Pittsburgh Commercial.

UPPER SANDUSKY, O., December 6, 1869.

The postoffice of this place was broken open last night, and nearly all the letters destroyed. The robbers took the western mail, which was put up the night before, to the barn of S. M. Worth and destroyed its contents. The amount of money taken was small. No loss to the Government. The robbers did not take the drafts or postoffice orders, which were found in the western mail. No clue to the perpetrators of the robbery.

Heavy Receipts of Flour.

There is now arriving here the heaviest purchase of flour that has been made since harvest. Jenkins & Bro. have the reputation of selling the most reliable flours for the least money. They believe in small profits. They are also making a stir among our tea and coffee men. See their advertisement on second page. No excuse for extravagant prices now. †

No Fire,

But great excitement, caused by the rush of people for the celebrated Aromatic Furniture polish. Sold only by Jos. Fleming, 81 Market street, corner of the Diamond, sole agent.

JUDGE STOWE TO THE GRAND JURY.

Abuses of the Law Laid Bare.

Something for Magistrates to Ponder.

PARDONS AND THE INCREASE OF CRIME.

Court and Juries "Nerve Themselves for a Stern Administration of Justice!"

The December term of the Courts of Oyer and Terminer and Quarter Sessions, commenced yesterday morning, Judge Stowe presiding.

The Grand Jury being sworn, A. P. Callow, Esq., Mayor elect of Allegheny, was designated as Foreman.

Judge Stowe then delivered the following

CHARGE:

Gentlemen of the Grand Jury—You are now, under the Constitution and laws of Pennsylvania, an important part of the machinery of the criminal law. Ever since criminal jurisprudence became a system worthy of a free and intelligent people the Grand Jury has been recognized by all jurists as one of its most valuable parts, and while many persons of late days have questioned its utility and some have advocated its abolition, I have never yet been able to think that anything but evil would result from such action. It is true, that like every other human invention, the forms have sometimes been absurd—often used injudiciously, and occasionally dishonestly; but in the main it has been extremely useful. If Grand Jurors would always conform strictly to the legal principles which have been established for their government, I think that no other institution will be found so well fitted for promoting justice or avoiding abuse in the punishment of crime.

DUTIES OF THE GRAND JURY.

That you may have at least a general idea of what the law imposes upon you—of what your powers and duties are in the present service—it becomes necessary that we should give some instructions upon these matters.

You have each solemnly sworn "that you will diligently inquire and true presentment make of such articles, matters and things as shall be given you in charge, or otherwise come to your knowledge in the present service; the Commonwealth's counsel, your fellows' and your own you will keep secret. That you will present no one for any hatred or malice, neither will you leave any one unpresented for fear, favor, affection, hope of reward or gain, but will present all things truly as they come to your knowledge, according to the best of your understanding."

A careful consideration of this oath will enlighten you as to much of your duty, but under what circumstances you are to enquire when due presentment make, and in what manner matters may be given you in charge, or come to your knowledge as Grand Jurors, are matters of legal power and duty, which the oath leaves undefined, and must therefore be more fully explained to you.

PROCEEDINGS BEFORE MAGISTRATES.

The cases which will ordinarily come before you are such as originated upon the complaint or information of some private person who, from some cause or other, commences a criminal prosecution. This is done by some one, ordinarily called the prosecutor, going before some committing magistrate and there making a statement under oath, which is reduced to writing, of such facts as constitute a criminal offense, designating as near as may be the person charged, with time, place and circumstances. If the facts alleged are within the informer's personal knowledge he swears to them as such. But if only partially so, and some of them are hearsay, he should carefully discriminate and set out what facts are upon information only and generally the source of it. And where it is all upon mere hearsay or outside his own knowledge, he should always so state, setting out the facts of which he has been informed, which induce him to believe the party charged is guilty, and that he believes such information to be true. When this is done, the magistrate is bound in all cases to issue a warrant for the arrest of the party where the affidavit and facts laid before him under oath, create a reasonable belief that the offense has been committed as charged.

ILLEGAL ARRESTS.

But a warrant should never be issued upon an affidavit or charge made merely upon "information and belief," without there are some facts or grounds stated in the information as the foundation of such belief. That warrants issued upon such informations are entirely illegal is not without high authority. In my own opinion they are in direct conflict with the spirit and meaning of our state Constitution, article 9, section 8.

"The people shall be secure in their persons, houses, papers and possessions from unreasonable searches and seizures and no *warrant* to search any place, or to seize any person or things, shall issue, without describing them as nearly as may be, *nor without probable cause* supported by oath or affirmation."

This of course must only be considered as applying to cases of arrest upon warrant, and not as in any way interfering with the right to arrest without warrant in proper cases. The latter are a class outside the perview of the constitution, and not affected by the foregoing clause at all, and of which I mean now to say nothing.

PRELIMINARY HEARING.

The warrant having been issued and the defendant arrested, the next step is the examination. If the prisoner wishes, he may waive this, and either enter into recognizance to appear at Court at the proper time, or otherwise be committed to prison to await his trial. If, however, the hearing is not waived, the magistrate, within a reasonable time, is bound to examine into the charge, when the defendant has a right to be present—to hear the nature and cause of the accusation against him—"hear the testimony of the witnesses 'face to face,'" to cross-examine them, and to have the aid of counsel to assist him.

If the magistrate is then satisfied by proof that there is probable cause that the accused has committed some crime known to the law, the latter is either committed to prison or required to give bail for his appearance at Court as the case may be.

COMPROMISING CRIMINAL CASES.

No committing magistrate has a right, after information made and warrant issued, to allow a criminal proceeding to be compromised or withdrawn, except in certain cases and in the manner pointed out by the act of Assembly. The magistrate must proceed with the case, and either discharge, where there is no probable cause shown, or commit or hold to bail. If, then, when bail has been entered or a commitment signed, and the requirements of the ninth section of our penal code, "criminal procedure," is fully complied with, the case may be legally settled or withdrawn, but not otherwise.

The following is the section:

"In all cases where a person shall, on the complaint of another, be bound by recognizance to appear, or shall, for want of security, be committed, or shall be indicted for assault and battery or other misdemeanor, to the injury and damage of the party complaining, and not charged to have been done with intent to commit a felony, or not being an infamous crime, and for which there shall also be a remedy by action, if the party complaining shall appear before the magistrate who may have taken the recognizance or made the commitment or before the Court in which the indictment shall be, and acknowledge to have received satisfaction for such injury or damage, it shall be lawful for the magistrate, in his discretion to discharge the recognizance which may have been taken for the appearance of the defendant; or in case of commitment to discharge the prisoner, or for the Court also where such proceeding has been returned to the Court in their discretion to order *nolle prosequi* to be entered on the indictment, as the case may require, upon payment of costs. *Provided*, That this act shall not extend to any assault and battery, or other misdemeanor committed by or on any officer or minister of justice."

—And then the information should be returned to court as in other cases, with the whole proceeding set out upon it. This is the only way the law provides for the settlement of cases out of court, and it is perhaps the only way they never are settled.

The disregard of these plain provisions of our statute has resulted in the settlement of numerous cases, which the law prohibits under all circumstances, in the encouragement of false charges to extort money and in the prostitution of the criminal laws to the basest purposes.

PROCEEDINGS IN COURT.

To return, however, from this digression. After commitment or bail of the accused, the information is returned to court with the proceedings thereon set out upon it. On this return the Assistant District Attorney presents a formal written accusation called an indictment, which in due course of business is laid before you, and the proper witnesses for the State produced for examination in relation to the charge set out in the indictment.

In this, the ordinary course of procedure in criminal cases, the first knowledge you have of the case as Jurors, is when the bill is laid before you and the case given you in charge. There are two other methods by which matters may be laid before you or technically, "given you in charge," which it is unnecessary to enlarge upon now, and which only require mention as being in the one case, a power which may be exercised by the District Attorney, ex-officio, in the other by the Court.

OFFENCES AGAINST THE PUBLIC.

But you as Grand Jurors also have a right to originate charges, and to take notice of any offense falling within your knowledge or observation, of such general character or importance as from their nature and operation affect the community at large rather than particular individuals, such as public nuisances, malfeasance of public officials, interference with elections, and misconduct of election officers, and in short all such matters of general importance as directly affect the public health, morals or safety. This, however, is by no means a general inquisitorial power. It is carefully circumscribed by the law. The offense should be of the nature specified; some one or more of the Grand Jurors must have personal knowledge of the facts which produce a reasonable belief of the commission by some particular person of such offense, and when these facts are laid before the other Grand Jurors under the solemnity of the official oath, at least twelve must concur in a statement in writing to the court, called a presentment, setting out with reasonable particularity, the offense and name of the party charged. No merely hearsay evidence, no popular clamor, no newspaper articles, will justify such a proceeding. It must emanate from some of the jurors themselves.

PRESENTMENTS.

A presentment is as much a criminal accusation as an indictment except that it wants technical form, and emanates from your own knowledge instead of being found upon the testimony of witnesses. It is regarded within the proper limits, as instructions for an indictment and will ordinarily be responded to by the Court ordering the proper bills to be prepared for the jury, and authorizing all such process as may be necessary for the purpose of furnishing the jury with the testimony it may require. In making such presentment, the Grand Jury are entirely irresponsible, either to the public or individuals aggrieved, the law giving them the most absolute and unqualified indemnity for such official acts, and therefore in exercising this immense power, they should never act except from a strong sense of public duty. In the hands of competent, honest and fearless jurors, the power is one of great value to the State, but its dishonest or incompetent exercise would make it a terrible engine of oppression and outrage.

In investigating matters which shall be brought before you, you will secretly examine under oath such witnesses as may be produced by the Commonwealth's officer, on each specific bill or matter as it arises, and then render a verdict, to establish which it is necessary that twelve of your number should agree on the sufficiency of the evidence thus adduced, to put the party charged on trial for the offense alleged against him. In such investigation you have no right to take into consideration the statements contained in the informations made before the committing magistrates and returned to Court, and indeed they should not be laid before you. Neither have you the right to go into an examination of the defense. Your investigations must be limited to evidence on the part of the State, and upon it alone are you to pass in finding or not finding the bill. You do not pass at all upon the guilt or innocence of the defendant; that is the duty of another tribunal. Your sole power is to inquire whether the government can show probable evidence of the defendant's guilt, and if it does, it will be your duty to find the bill. Such presentments found by a grand jury amount to nothing more than an official accusation, in order to put the party accused upon his trial. Until the bill is returned found, there is therefore no charge from which he can be required to exculpate himself; and it very often occurs that persons, against whom bills have been returned, have afterward been acquitted by a verdict of their country. Here, then, is the just line of discrimination: it is the duty of the grand jury to inquire into the nature and probable grounds of the charge, but it is the exclusive province of the petty jury to hear and determine, with the assistance and under the direction of the Court upon points of law, whether the defendant is or is not guilty, on the whole evidence for, as well as against him. You will readily perceive that if you examine the witnesses on both sides you do not confine your consideration to the probable grounds of the charge, but engage completely in the trial of the cause, and your return would be tantamount to a verdict of acquittal or condemnation.

THE GRAND JURY ROOM.

You will have with you, as legal adviser, the Assistant District Attorney, who will prepare all bills of indictment upon which you will be called to pass. It will be his duty to bring before you each case as it arises, and see that the proper witnesses are forthcoming, and, if necessary, open the case for you, and commence and superintend the examination of the witnesses, giving you instruction on all questions as to the *law* which may be presented to him. But he will, during the discussion of the questions which arise remain perfectly silent, unless his advice is asked on a matter of law. The least attempt on his part to influence the grand jury in their decision upon the weight, credibility or effect of the evidence adduced before them would be a most improper and unjustifiable interference, and should not be tolerated by you for a moment. Even if a case should arise where one, or all the jury, would be glad to have the opinion of the officer of the State, as to the propriety of finding a bill, the inquiry for such opinion would be improper, and it would be his duty, if it were made, to decline giving any intimation on the subject. The law has placed you where you are to protect the citizens from the government and its officers, and requires you to decide independently for yourselves. It is scarcely necessary to add that the interference of any other person, whether attorney, witness or party, in reference to matters which are or may be before you, must not be tolerated. Such conduct would be a high contempt of this Court and a serious violation of law, and it will be your imperative duty to report such case (if any shall arise) to the Court at once. The members of the jury cannot be too cautious in relation to these matters—the just administration of the criminal law demands your most careful attention to them.

The following is the section alluded to:

"If any person shall attempt to corrupt or influence any juror in a criminal or civil court, or any arbitrator appointed according to law, by endeavoring, either in conversation or by written communication or by persuasion, promises or entreaties, or by any other private means to bias the mind or judgment of such juror or arbitrator, as to any cause pending in the court to which such juror has been summoned, or in which such arbitrator has been appointed or chosen, except by the strength of evidence or the arguments of himself or his counsel during the trial or hearing of the case, he shall be guilty of a misdemeanor, and on conviction, be sentenced to pay a fine not exceeding five hundred dollars, or suffer an imprisonment not exceeding one year, or both, or either, at the discretion of the Court."

Although the officer of the Commonwealth is your legal adviser, yet, if you are not satisfied with his opinion, in any case, you have the right to ask instruction from the Court, coming into Court for that purpose, and if the matter is one that you think requires secrecy, so stating. You will then be instructed on the question or questions submitted to the Court, when you will again retire to your room to deliberate. It will, however, be very seldom that a case will arise where such a course will be necessary, as the officer in charge of you is abundantly able to give you such legal direction as you may need. If, however, in your opinion, the necessity should arise, the manner of proceeding has been indicated.

In passing upon bills and presentments it requires a jury, that is, twelve of your number, to agree in the finding. If that number decides that there is sufficient evidence to believe that the offense was committed as charged, it will then be the duty of the foreman to indorse "True Bill" upon the indictment, and subscribe his name; but if twelve of you do not so agree, then he will indorse it "*ignoramus*," and subscribe his name; precisely as when the bill is found. Where an indictment consists of but one count or distinct charge and one defendant, you cannot find a part and ignore a part, and you will either find or ignore the bill as it stands; but where there are several counts or several defendants, you can find the bill as to some of the counts, or some of the defendants, and ignore them as to the other counts, or other defendants. In such cases you indorse the bill in accordance with the action you may take in the premises.

In all cases, except felonies, if you shall return the bill of indictment "*ignoramus*," it is your duty to decide and certify on the bill, whether the county or the prosecutor shall pay the costs of prosecution. In felonies the costs must be paid by the county, and you have no control over them. As to what are misdemeanors and what felonies you will receive all further information which may be necessary from the District Attorney. We may simply say in this connection, what, however, will at once occur to yourselves, that when a bill is *ignored* in a case where you have control over the costs, it will always be your duty to impose them upon the prosecutor, except where the evidence satisfies you that he acted in good faith to the public, and with reasonable prudence in commencing the proceeding. The county should not be compelled to pay for the malice or want of care of persons who institute unfounded prosecutions.

I have now, gentlemen, given you such instructions as accord with the occasion, and have occurred to me as proper and necessary at this time. All that the law requires (and that it demands by all the solemn sanction that can bind a man to his duty) is that you exercise your power carefully, "nothing extenuating, nor setting down aught in malice," but calmly investigating the facts, applying the law and returning the indictments which may come before you, with such findings thereon as are "according to the best of your understanding."

THE CLAMOR FOR PARDONS—INCREASE OF CRIME.

The frequency of crime of all kinds, and the many homicides and attempts to kill in this county, call upon courts and juries to move themselves for a stern administration of criminal justice. The morbid sentimentality which sighs over the punishment of the ordinary criminal, and weeps at the conviction of the slayer of his fellow, and petitions and prays to the Executive for the pardon of the most incorrigible offender, has sadly weakened the arm of the law, and is producing the worst results. I certainly have no objection to tears for the unfortunate, nor such prayers for the violators of the law as are not calculated to make them better men, but I think it my duty, here and now, to raise my voice in solemn protest, not only against setting up criminals as martyrs, but also against all clamor for the pardon of any convict without some reasonable cause. In most cases, including all of a very serious character, no pardon should be granted, except under very peculiar circumstances, nor indeed asked, without satisfactory evidence that the conviction was improper, or the sentence grossly oppressive.

PITTSBURGH AND CONNELLSVILLE RAILROAD.

Seventeenth Annual Meeting of the Stockholders.

Report of the President and Board of Directors—Net Earnings During the Year $207,353 72—An Increase of Over $100,000 Over the Previous Year—Future Prospects of the Road—Election of Directors.

The stockholders of the Pittsburgh and Connellsville Railroad held their seventeenth annual meeting yesterday morning, in the office of the Company, corner of Water and Grant streets.

The meeting was organized at eleven o'clock by the election of Israel Painter, Esq., President, and John H. Page, Jr., Esq., as Secretary.

The Chairman briefly stated the object of the meeting, after which W. Oden Hughart, Esq., President of the Company, presented the seventeenth annual report of the Board of Directors. The report is as follows:

OFFICE OF PITTSBURGH AND CONNELLSVILLE R.R.,
Pittsburgh, December 6, 1869.

To the Stockholders of the Pittsburgh and Connellsville Railroad Company:

Your Board of Directors presents the following statement of the affairs and proceedings of the Company embracing the period between October 31, 1868, and November 1, 1869:

GROSS EARNINGS.

The gross earnings for the year are as follows:

From passengers	$166,675 75
From freights	430,016 88
From mails	3,650 00
From miscellaneous matter	8,576 06
	$608,918 69

EXPENSES OF OPERATION.

Conducting transportation	$94,819 76
Repairs of motive power	116,708 03
Maintenance of cars	85,011 79
Maintenance of road	137,165 36
General Expenses	16,860 03
	$401,564 97
Leaving a balance of earnings	$207,353 72

Equalling about thirty-four per cent.

PASSENGER BUSINESS.

The total number of passengers carried all distances was 462,124, against 422,739 last year. The amount earned therefrom was $166,675 75; a slight increase.

FREIGHT BUSINESS.

The total amount of freight carried was 515,879 tons, against 398,502 tons last year; an increase of 117,377 tons, or about twenty-seven per cent. The receipts therefrom are $430,016 88, against $337,621 19 last year, an increase of $92,395, or about twenty-seven per cent.

THE INCREASED FREIGHT TRAFFIC.

The transportation of coal and coke has increased nearly twenty-two per cent. In flour, bacon, &c., a considerable increase and grain and grass seeds have about doubled. Manufactured iron, including steel and nails, have increased twenty-five per cent; iron ore, pigs and blooms, ten per cent; groceries twenty per cent; machinery over thirty-three per cent. The increase in sand for glass manufacturing, building stone and fire clay is somewhat remarkable, being about one hundred per cent or about forty-five million pounds. This increase is in some measure due to the portion of the new line opened above Connellsville, from which also is derived part of the increase in bark and lumber.

Of the gross revenue, the several divisions of the line have earned and compare with last year as follows:

	1868.	1869.
That part between Pittsburgh and Port Perry, 10 6-10 miles long	$128,909 48	$142,985 63
Between Port Perry and Connellsville, 47 8-10 miles long	350,784 17	434,325 69
The Fayette County Branch, about 12 miles long	28,932 27	31,607 37
	$508,625 92	$608,918 69

The entire increase is thus $100,292 77, or 19 70-100 per cent. The earnings per mile run by trains have been 1 63-100 dollars.

WORKING EXPENSES.

The cost of conducting transportation has been $94,819 76, or 22 29-100 cents per mile run by trains—about the same as last year.

The maintenance of road bed, bridges and trestles has cost $137,165 36, an increase of $35,800 35. Per mile of the road the cost is $1,966 08, last year it was $1,362 70.

It has been the object of your Board to commence the task of putting the line between Pittsburgh and Connellsville in such condition that by the time the road will be completed to Cumberland, competition with opposing roads in speed and comfort may be fully and safely maintained.

In pursuing this object in the past year, the revenue of the road has been applied with the strictest economy, and it is hoped that by the 1st of January, 1871, the task will be fully performed, by the removal of all trestling and the substitution of earth embankments, and the rebuilding of such bridges as may be required. The partial failure of the west abutment of the Port Perry bridge, has required the rebuilding of nearly the whole structure, including the removal of the abutment farther from the creek, and the consequent lengthing of the span. This increase of length, however, will be of great permanent advantage, as it increases the water way. The trestle bridge at Nine Mile run also gave way—both these occurrences were so far foreseen as to prevent any accident to trains, but the expense of temporary structures adds largely to the amount reported under this head. The work of rebuilding is progressing rapidly in both cases.

The small bridges on the Fayette county branch have nearly all been renewed and so far strengthened as to permit the passage of heavy engines.

The Road Master's report details fully and minutely the operations of the year, mentioning that we have renewed a larger number of ties than ever before, and replaced eight hundred and thirty tons of iron. Part of the ties have gone into the Fayette county. The increase of cost of maintaining the department will be fully justified by careful perusal of the details of the work done.

The maintainance of motive power, which includes the wages of the engineers and firemen, repairs of engines, fuel, oil, &c., has cost $116,708 03—last year it was $104,930 34. It is 27 43-100 per mile run—last year it was 28c. We have had this year one collision, occurring between engine No. 10, hauling Brinton coal train, and No. 5, in service of Road Department, caused by the coal trains being about thirty minutes in advance of its time, and a heavy fog which prevented the engineers from seeing each other. The rebuilding of No. 12 engine, which was injured by explosion last year, is far advanced, and is now nearly ready for service. It has been done mainly at the Company's shops, the cost of which appears as a part of the expenses of the department.

The maintenance of cars has cost $85,011 79, a little more than eight cents per mile run by trains, against seven last year.

The general expenses of administration, including salaries, legal and miscellaneous expenses, have been $16,860 03, or about 4 cents per mile run by trains; last year it was $15,858 29, or 4 23-100 cents per mile run by trains.

The cost of maintenance and working the road has been $401,564 97, exceeding the previous year $74,004 42. The whole cost is equal to 94 cents per mile run; last year it was 87 54-100 cents. The ratio of expenses to receipts is 66 per cent; last year it was 64 40-100.

WORK OF MOTIVE POWER.

The work of motive power has been as follows:

	1868.	1869.
Number of miles run by trains	374,548	425,441
PASSENGERS.		
Number carried	422,739	462,124
Average distance—miles	10 6-10	10 6-10
Over the whole road	68,049	68,029
Carried one mile	4,499,494	4,912,503
Number passing Eastward	253,494	282,690
Number passing Westward	169,245	179,436
FREIGHTS.	1869.	1869.
Tons carried	398,502	515,879
Average distance—miles	31 6-10	31 57-100
Tons over the whole road	174,841	226,199
Carried one mile	13,558,534	16,286,331
Tons passing Eastward	32,934	44,831
Tons passing Westward	365,569	471,048

No accident which involved the slightest harm to any passenger has occurred during the year, and we again remind you that at no time in the history of your company has any person been killed or even received a serious injury.

LITIGATION.

The only suit of importance against the company is that being pressed by the county of Allegheny, and which has lately been argued in the Supreme Court of this State. It is but just that a short history of this case be here presented.

The county subscribed for $50,000 of your stock, and paid therefor in its bonds bearing interest. The company was also to pay interest upon its stock and become indorser or guarantee for the county to the holder of these bonds.

In 1857, at a critical moment in our history, when a great financial panic prevailed, the county repudiated its bonds, injured its own credit, involved us in the disaster, putting a stop to our progress, prevented, *by its own act*, the possibility of our complying with the agreement. The holders of the bonds sued for the interest, and obtained from the courts confirmation of their claim. To satisfy this debt, by order of the United States Court, the stock of the county was sold at Marshal's sale and upon mandate transfer was made to the purchaser.

The county repudiated the bonds, also the ownership of this stock and denied the legality of its issue. Interest bearing certificates are held by the purchasers.

For *damages for non-compliance with this contract* you are sued by the county. If the case has been clearly presented you may see that the county first prevents the fulfillment of our contract, and then sues for damages for its non performance. It is sought, also, to involve the company in a double liability for the interest upon the same debt, that is upon the stock, to its holders, and to the county upon the bonds which were paid for the stock. Other circumstances relative to this case can best be elsewhere presented, and may hereafter prove both necessary and interesting.

Following this is a detailed statement of the disposition of the net revenue of the road, which is of no interest to the general reader.

The report then continues as follows:

The largest part of these expenditures is upon the Turtle Creek Division—that is the 10 6-10 miles last completed. The reason and necessity of this outlay is shown in the Chief Engineer's report, which explains the temporary nature of a considerable part of the work when originally built, and that it was due to financial difficulties then prevailing. It now, however, devolves upon the Company as a matter of essential importance to supply the deficiencies out of our only resources—the net revenue of each year.

CONSTRUCTION.

To avoid unnecessary repetition you are referred to the report of the Chief Engineer for details. We note a few points only.

The line is now well manned, and construction is proceeding vigorously. Considerable difficulty was experienced in the earlier part of the year, from the inability of some of the contractors to proceed with their work. We have, however, replaced those who have totally failed and assisted others in procuring laborers. The first two sections east of Connellsville have been completed and revenue is being derived from their use.

The total number of bonds has been six hundred and ninety-one, which at ninety per cent, amounts to $621,900 00; add amount received for interest, $27,605 49. Total, $649,505 49.

The amount expended has been $363,581 81, leaving a balance of $285,923 68 in the hands of the Baltimore and Ohio Railroad, for which we are receiving six per cent interest.

THE EXTENSION OF THE ROAD.

In aid of the work the citizens of Baltimore have been most liberal. Thus far Pittsburgh has done but little, although the recipient of all the benefits which have resulted from the road so far as completed. These benefits are neither few nor small. A glance at our analysis of the table of products brought into this city, and goods taken out, may arouse attention to the enormous value of this road to the business interests of the community. That the citizens, however, do fully understand its value has been manifested by their hearty denunciation of the policy of a rival, which endeavored to prevent the building of this road. It is manifested daily by inquiries as to progress and by impatience at any appearance of delay, yet of all the vast wealth of Pittsburgh, a comparatively small amount has been invested in our bonds, although the security is admitted to be perfect, and the rate of interest entirely satisfactory. There is perhaps no other city which would be thus apparently indifferent to an enterprise so vitally necessary to its welfare, and should there be any delay in completion from lack of funds, it may be attributed entirely to the citizens of Pittsburgh.

Your Board now desire to establish the fact of this responsibility. The effort is now again being made to obtain aid here, and it is hoped that better results will follow. The investment is not only safe but remunerative, as we are for the present placing our first mortgage, seven per cent. bonds at ninety cents on the dollar. It is but little to ask of those concerned to safely and profitably aid in immediately and directly promoting their own interests. Next year will see the road built to Cumberland.

CONNECTIONS AND BRANCHES.

We are constantly asked if our plans and arrangements are perfect for connections North and West of Pittsburgh. Favorable progress is being made and will certainly produce satisfactory results, but negotiations are not sufficiently advanced to permit their being formally presented for your action. The enormous power and influence of the Baltimore and Ohio Railroad is being silently but steadily exerted in this behalf. In the language of President Garrett, "It would be as useless to endeavor to stop the flow of Niagara as to hinder our making just the connections required at the proper time." Grades and terminal advantages ensure our being sought eagerly by western lines desiring the nearest and best access to the seaboard. We have located a line from the Monongahela to the Allegheny river. The Baltimore, Pittsburgh and Lake Erie Railway has also been located by our engineers. From Beaver through to Toledo and Chicago, the Pittsburgh, Baltimore and Chicago line is now being examined and the location will soon be made. This company has been organized and has elected an efficient Board with Judge Welker at its head as President. We have also made progress upon the Somerset branch. The line from Uniontown to Fairmont, on the Baltimore and Ohio road is also receiving attention. That from Bridgeport to Bedford will be located during the winter or early in the spring.

The labors of the year have been arduous and conducted amid much anxiety, but we can fairly offer and claim congratulations upon the favorable results which have followed.

The report was received and filed.

CHIEF ENGINEER'S REPORT.

The report of the Chief Engineer, B. H. Latrobe, Esq., was then presented. The report sets forth in detail the progress of the work on the entire line from Pittsburgh and Connellsville, showing that the work of construction on the eastern and unfinished end is progressing favorably, while important improvements are being made along the old line of roads.

DIRECTORS ELECTED.

The next business in order was declared to be the election of a Board of Directors to serve for the ensuing year.

A motion was made and carried that the election be proceeded with, and tellers were appointed to conduct the same.

The following named gentlemen were unanimously elected: Wm. Oden Hughart, G. L. B. Fetterman, John Fleming, Wm. Phillips, Wm. Baldwin, Joseph Pennock, Cyrus Meyers, Benjamin Deford, Johns Hopkins, Wm. H. Perkins, Israel Cohen, Hazeltine G. Vickery.

Immediately after the election the new Board organized by the election of W. O. Hughart, Esq., President and John H. Page, Jr., Esq., as Secretary and Treasurer of the company.

To the Public.

PACIFIC AND ATLANTIC TELEGRAPH
COMPANY OF THE UNITED STATES,
OFFICE OF THE PRESIDENT,
Pittsburgh, December 6, 1869,

The Pacific and Atlantic Telegraph Company of the United States have again caused heavy reductions in the cost of telegraph messages to be made. The enjoyment by the public wherever its lines extend of the present extreme low rates, are indisputably the result of the creation of that Telegraph Company. The present rates, while very low, are not less than the management of the Pacific and Atlantic Telegraph Company have always hoped and believed they would be able profitably to establish, although the reduction is now made somewhat earlier than was heretofore contemplated. If the public use the wires as freely as it has been believed they would, when such low rates had been ultimately established, the dearest hopes of the chief organizers of the Pacific and Atlantic Telegraph Company will have been realized, and a cherished wish, to be the means of profitably establishing *cheap telegraphing* in the United States gratified, and neither the stockholders nor the public regret that such low rates have been made, somewhat in advance of the time the Board of Directors contemplated. To whatever figures the rates may fall, the fact is beyond controversy, that the Pacific and Atlantic Telegraph Company will be the cause of such reductions.

It is to the benefit of every one interested in cheap telegraphing to give the Pacific and Atlantic Telegraph Company the preference at the same prices asked by any other Company, their rates to all points reached by their wires being always as low and often less.

All the Pacific and Atlantic Telegraph Company of the United States ask to fully sustain the policy of the Company, and its heretofore successful pecuniary career, is the warm support and preference of the public. Not even the stockholders are so interested in the continued pecuniary success of the company as the public. That success heretofore has been brought about by cheap telegraphing, and its continuance not only means a sustaining of low rates, but extension of the lines to points yet tyrannized over by the Western Union monopoly, and the release of the business of such sections from the burdens of expense for telegraphing imposed by it.

Respectfully
GEO. H. THURSTON,
President of Pacific and Atlantic Telegraph Company of the United States.

Milhan's Golden Cod Liver Oil.

With hypo-phosphate of lime, a great improvement; made with the best oil known, it unites efficacy with pleasant flavor and easy digestibility. Sold by respectable druggists. J. Milhau's Sons, 183 Broadway, New York. TF

A Lawsuit which Arose

From a discrepancy of weights between one of Fairbanks' Scales, in use by the Baltimore and Ohio Railroad Company, and one of another manufacturer, was recently tried in the Court of Common Pleas, Baltimore. The case occupied the court two days, and Judge Marshall, in delivering his decision, stated, as the result of the evidence, that the accuracy of "Fairbanks' Scales" was established beyond all question. Fairbanks, Morse & Co., 102 Second avenue.

Save Money

By advertising judiciously through Messrs. Griffin & Hoffman, advertising agents, No. 1 St. Paul street, Baltimore. Send for estimates and information. They furnish copies of all papers for which they contract regularly during the period of said contracts, without extra charge. Pittsburgh references: Jno. D. Scully, Cashier First National Bank, and T. B. Young & Co. tf

At 100 Wood Street,

Can be found the latest designs, plain, elaborate and elegant patterns, of silver plated ware. R. E. Breed & Co.

R. E. Breed & Co.

Have the latest designs of silver plated ware. Call and examine their variety, at 100 Wood street.

Silver Plated Ware.

The latest designs, plain, elaborate and elegant patterns, at R. E. Breed & Co.'s., 100 Wood street.

Aniline Dyes.

We have just received a large invoice of these dyes, comprising all the popular colors, including Solferina, blue and green and are prepared to sell them very low.

McCLARAN & McKENNAN,
Druggists, 85 Market street, corner Diamond, near Fifth avenue.

China Ware.

A large assortment, embracing every variety of recent patterns, at R. E. Breed & Co.'s, 103 Wood street.

W. D. Duffey,

Merchant Tailor, No. 24 Fifth avenue, Pittsburgh. tf

China Ware.

The newest patterns; elegant tea sets; an unlimited assortment of every article of China ware at R. E. Breed & Co.'s, 100 Wood street.

The Best at the Lowest Price.

The finest extracts and hair oils, cologne and hair brushes, at cheaper prices than anywhere in the city, at Dr. Keyser's, 167 Liberty street.

A Card to Grocers.

Having determined to dispose of my stock of groceries by January 1st, for the purpose of embarking in other business, I wish to call the attention of grocers to the superior advantages I offer to the trade. My stock consists of choice, carefully selected and fresh groceries of all kinds, as kept in a wholesale and retail store. The whole stock I offer at or below cost, in lots to suit purchasers. City and country dealers will find it to their advantage to give me a call.

G. W. Pusey, 49 Federal street, Allegheny.

Carriages to Operas and Concerts

Only three dollars, at Burns's, 149 Grant street.

Sore Throat, Cough, Cold,

And similar troubles, if suffered to progress, result in serious pulmonary affections, oftentimes incurable. "Brown's Bronchial Troches" reach directly the seat of the disease, and give almost instant relief. They have been thoroughly tested, and maintain the good reputation they have justly acquired. As there are imitations, be sure to obtain the genuine.

Lubin's Extracts

For one dollar, at Keyser's, 167 Liberty street; usual price $1 50.

Six Cakes

Good toilet soap for twenty-five cents, at Keyser's, 167 Liberty street.

For the Holidays.

Caracalla Sacques, at J. W. Barker & Co.'s, 59 Market street. Leave your order in time.

Carriages for Balls and Parties

Only four dollars, at J. & W. J. Burns's, 149 Grant street.

Phrenology.

The rooms of Fowler & Wells, at Lafayette Hall, are still thronged day and evening. Examinations with full descriptions. What to do and how to rise in the world explained. tf

Preparatory Medication.

The human system, the most delicate and sensitive of all created things, should be duly prepared to meet the shock occasioned by a sudden change in the temperature of the air. Even the solid metals contract and expand under cold and heat—so that if man were composed of iron, instead of frail tissues and fibres, circulating fluids and brittle osseous matter, his frame would not be proof against the vicissitudes of climate. As it is, it behooves every one, especially the feeble, to fortify the frail tenement of mortality against the inclemency of the present season. A wholesome, strength supplying vegetable tonic and alterative is the preparatory medicine required, and among medicinal agents of this character, HOSTETTER'S STOMACH BITTERS *stand supreme*. In a successful career of nearly a quarter of a century, the preparation has never been equalled or approached, and its sales are now larger than those of any half dozen articles, purporting to belong to the same class, that has ever been advertised in this country. As a remedy and preventive of DYSPEPSIA, and all its complications, it may be said to have *lived down competition* and to be the standard specific of the Western Hemisphere. A course of this genial restorative at the commencement of Winter is the surest safeguard against all the complaints which are caused or aggravated by exposure to cold.

The Chinese Tea Merchant.

One of the best representations of a tea merchant has just been executed by Otto Krebs, of our city, for our tea and coffee men, T. C. Jenkins & Bro., of the Checkered Front. Every customer buying teas of the house will get one of these beautiful engravings, free of charge, by mail or express.

The engraving is a credit to Mr. Krebs and our city. †

Cream Ale.

Made at the Oregon brewery, is beautiful to look upon. Its body of gold, and head of snow, with sparkling beads continually rising give promise to the thirsty of a glorious and invigorating draught. Let anyone who does not think ale a delicious beverage call for a glass of Pier, Dannals & Co.'s "cream," and we venture to say he will immediately change his opinion. †

Removal.

By reference to another column our readers will see the card of Mr. W. W. Wattles announcing his removal from No. 41 Fifth avenue to No. 26 Fifth avenue, where he has opened a large and elegant stock of Jewelry for the holidays, to which the attention of our readers is directed.

COME to the monthly meeting of the Pittsburgh and Allegheny Sabbath School Union, this evening (December 7th), at the Second U. P. Church, Allegheny (Dr. Clark's). The exercises will consist of singing, addresses and "The Answer Box."

MERCHANTS desiring to advertise in the country would consult their interest by advertising in the Uniontown *Standard*. Circulation excelled by no other country paper in Western Pennsylvania. Wm. Bingham, Jr., 143 Smithfield street, Pittsburgh, agent.

☞ *Advertisements on this page under the several heads of* WANTED, FOR SALE, FOR RENT, *&c., will be inserted at transient rates only*—TEN CENTS, *per line for each insertion. No advertisement less than* THIRTY CENTS.

WANTED.

WANTED—SITUATION—A MIDDLE aged lady of experience and ability desires a position as Housekeeper. No objection to the country. Good reference if required. Address N. M., Housekeeper, or inquire at 26 Smithfield street, Pittsburgh.

WANTED--BOILER--A SECOND HAND Flue Boiler, 18 feet to 20 feet long, 32 inches to 36 inches in diameter. Apply to or address GEO. BUCHANAN & CO., corner of Duquesne Way and Eighth street.

WANTED — SALESMEN — A FEW reliable, energetic Salesmen, to sell by sample standard goods. Address H. H. RICHARDS & CO., 413 Chestnut st., Philadelphia, Pa. TS

WANTED — HOUSE — TO RENT. A house of seven or eight rooms, with gas and water throughout, and within fifteen minutes' walk of the Postoffice. Address Box V, Commercial office.

WANTED — IMMEDIATELY—A MAN who thoroughly understands oxydizing and burning lead, or making litharge. Apply at or address 22 Canal street, Cleveland, Ohio.

WANTED—GIRLS—SEVERAL GIRLS for city and country. Several men want different kinds of employment. Apply at Employment Office, No. 1 St. Clair street.

WANTED—TO RENT OR LEASE—A Building, part of a Building or a large Room, for a Job Office. Address, stating location, &c., Box E. F. J., Commercial office.

WANTED — MORTGAGES — FIRST-CLASS Mortgages in large sums. City Property preferred. S. N. LIGHTNER, 58 Fourth avenue. tf

WANTED—GIRL—TO DO GENERAL Housework for a small family. Apply at Drug Store 172 Wylie street. Must come well recommended.

WANTED--AGENTS.

WANTED — AGENTS — HIGHLY IMPORTANT. An Agent wanted in every county in the United States to take an interest in a new article just patented, that will sell on sight to every housekeeper. It is a Portable Furnace, that fits in the holes of any cook stove, or range. Three cents per day will pay for fuel to cook three meals. It will boil, broil, roast, toast, bake, stew, heat irons, &c., &c. Any man with a small capital, can clear from $15 to $40 per day. This is well worth the attention of capitalists. The right of a State is a sure fortune. Call on or address J. H. LYON, Inventor and Patentee, 124 Wood street, Pittsburgh, Pa.

BUSINESS CHANCES.

MANUFACTURING BUSINESS—THE advertiser offers for sale a part of his interest in a Manufacturing Business which has made large profits for ten years past, and which now enjoys a higher reputation for the quality of its production than any other factory engaged in the same business. Address Manufacturer, at Commercial office.

$3.000 WILL PURCHASE A TWO story Frame House of 5 Rooms and Cellar, situated on Sandusky street, Allegheny city, a few steps above the Park. Apply to CROFT & PHILLIPS, No. 139 Fourth avenue.

COUNTRY STORE AND RESIDENCE FOR SALE—With or without the Goods, in Watertown, Ohio. Price for the Real Estate, $2,500 in payments. This is a rare opening for a man of small means to step into an established business. Full particulars given by calling on or addressing CROFT & PHILLIPS, Real Estate Agents, No. 139 Fourth avenue.

FOR SALE—A FOUNDRY AND MACHINE SHOP, with good facilities for Rolling Mill Work and a good trade established. Address "Foundry," at this office. tf

GRIST MILL AND SAW MILL FOR SALE—With nine acres of Land, three miles from a station of the Allegheny Valley Railroad, and only eighteen miles from the city. Mill is frame, three stories high, has two runs of Burs is in good order and now doing a No. 1 business; has water power nine months in the year, with steam power attached. Also, Dwelling House, Stable and outbuildings. This mill is in a good country, and will be sold at the low price of $5,000. Terms to be agreed upon. Apply to or address CROFT & PHILLIPS, No. 139 Fourth avenue.

FOR SALE—STOCK AND FIXTURES, Lease and Good Will, of a first-class Grocery, doing a good business. The undersigned being engaged in other business, is the reason for selling. G. W. PUSEY, 49 Federal street, Allegheny. tf

PERSONAL.

PERSONAL—MESSRS. HARTLEY, McKEE & CO., No. 58 Smithfield street Manufacture the only Pure Oak-Tanned Leather Belts and Hose made in this city. T

PERSONAL—INFORMATION IS DESIRED of HUGH McDERMOTT, formerly of Wolverhampton, England. Address JOHN J. RIDGWAY, JR., No. 605 Walnut street, Philadelphia, Pa.

PERSONAL—THE PITTSBURGH REAL ESTATE REGISTER is published only by CROFT & PHILLIPS, Real Estate Agents, No. 139 Fourth avenue. Don't fail to get it if you want to buy yourself a home.

PERSONAL—ALL PERSONS SEEKING homes or investments in Real Estate will save time, trouble and money by consulting the "Pittsburgh Real Estate Register." It is given away gratis by the publishers, Messrs. CROFT & PHILLIPS, Real Estate Agents, No. 139 Fourth avenue, or will sent by mail, free, to any address.

EMPLOYMENT BUREAU.

27. WANTED — 150 COAL MINERS; 10 Laboring Men for city; 2 Farm Hands; 20 Servant Girls for General Housework, Dining-room work and Chamberwork; wages from $2 to $4 per week; 2 Colored Girls for Cooks.

27. THE BEST POSITIONS OBTAINED for Clerks, Bookkeepers and Salesmen. Help of all kinds furnished on short notice. Applicants by mail desiring information will please enclose 25 cents. All orders promptly attended to. Apply to or address S. T. MELLER, Employment and Real Estate Agent, 27 Sixth street, late St. Clair.

MONEY TO LOAN.

$20.000 TO LOAN ON BOND AND Mortgage, in large or small amounts. THOS. K. PETTY, Bill, Mortgage and Real Estate Broker, 179 Smithfield street.

$50.000 TO LOAN ON BOND AND Mortgage. Apply to CROFT & PHILLIPS, Real Estate Agents, No. 139 Fourth avenue.

LOST.

LOST—AT MONONGAHELA HOUSE, on Thursday, December 2d, a Revolver, full silver, from muzzle to butt, Merwin & Bray's patent. The finder will be suitably rewarded by returning the same to W. H. Sigman, care Pittsburgh Advertising Agency, 143 Smithfield street, Pittsburgh.

FOR SALE.

NEW LEAF LARD—NEW LARD IN Tierces, Firkins and Buckets, for sale by F. SELLERS & CO., corner Penn and Tenth streets.

FOR SALE—1,000 BUSHELS OHIO Rye, 150 barrels choice Apples, 50 barrels prime Buckwheat Flour, choice lot of Dried Peaches. HITCHCOCK, McCREERY & CO., 349 Liberty st.

FOR SALE—ENGINES AND BOILERS—New and second-hand, of all sizes, on hand. Flue and Cylinder Boilers of all sizes, on hand. JAMES HILL & CO., corner Marion avenue and P. Ft. W. and C. R. W., Allegheny, Pa.

ROSIN—200 BARRELS ROSIN FOR sale by B. L. FAHNESTOCK & CO., 76 Wood street.

FOR SALE--HOUSES.

COUNTRY RESIDENCE AND 14 ACRES FOR SALE—Located a few minutes walk from Mansfield Station, Pan Handle Railroad. Residence contains 10 Rooms and is finished in good style; 11 Acres is underlaid with Coal bank open; 400 Grapevines and other Fruits. For further particulars call on or address CROFT & PHILLIPS, Real Estate Agents, No. 139 Fourth avenue.

SHADY SIDE PROPERTY FOR SALE—House of 6 Rooms and two Lots; Pump of excellent Water, desirable location and within three minutes walk of the Station. Possession immediately. Apply to CROFT & PHILLIPS, No. 139 Fourth avenue.

Pearl Steam Mills

FLOURS,

Possessing all the latest improvements in Machinery, with a Cooling Room and Bolting Cloths

UNEQUALED IN THE CITY,
A CAPACITY OF
1,000 Barrels Daily,

And a System in purchasing Wheat by our regular Traveling Agent, MR. S. KENNEDY,

Which has many advantages and not followed by any other Mill in the two cities.

Warrants us in asserting that no other Mill in this section CAN DUPLICATE OUR SALES on the same grades of Flour.

PEARL 3 STAR GREEN BRAND,

Unequalled in the city as a PASTRY AND BISCUIT FLOUR, being made from the Cream of the BEST WHITE WHEAT to be found in this country.

PEARL DOUBLE EXTRA 2 STAR BLUE BRAND,

Acknowledged to give better satisfaction than any Family Flour in the market. Made from STRICTLY PRIME WHITE and SOUTHERN AMBER or HILL WHEAT.

PEARL 1 STAR RED BRAND,

Is made from SOUTHERN RED and AMBER WHEAT, and is the best Low-priced Flour to be had.

Our Flour can be obtained at all the Best Groceries in the two cities and suburbs.

☞ All Sacks are Sealed and Labeled with Name of Firm and Date of Manufacture.

R. T. Kennedy & Bro.,
PEARL STEAM MILLS,
ALLEGHENY CITY, PA.

FOR SALE--REAL ESTATE.

FOR SALE—A FARM OF SIXTY ACRES, with two Barns, double two-story House, 10 acres of Woodland, two Apple Orchards, good Coal at three different places—for $5,000. S. T. MELLER, Real Estate Office, 27 Sixth st., late St. Clair.

WEST VIRGINIA LANDS FOR SALE—5,000 Acres of West Virginia Timber and Farming Lands, in McDowell county. The Timber alone is worth double the price asked for it. The Lands lay on a stream large enough to raft the Timber to market. This is a rare opening for a set of men to make a sure fortune. The Timber consists of the finest Poplar known. Also Oak and Walnut. The whole plot is divided and will be sold as a whole or in parts, to suit purchasers. Some of the Lots have improvements on them, and part under cultivation. Draft showing location can be seen at our office. We will trade the Lands for City or Country Property. Apply to CROFT & PHILLIPS, Real Estate Agents, No. 139 Fourth avenue.

STOCK FARM—$35 PER ACRE, WILL purchase 277 acres of a good Stock Farm in Armstrong county, Pa., seven miles from Kittanning. Land is well watered and is in a good neighborhood. Terms easy. Buildings are comfortable. Small Orchard, &c., all underlaid with Coal. Apply to CROFT & PHILLIPS, No. 139 Fourth avenue.

SNUG FARM OF 90 ACRES TWO AND A half miles from Hite's Station, Western Pennsylvania Railroad, and eighteen miles from this city. Good improvements, nice Orchard, and a very desirable neighborhood. We will sell it as a whole, or will sell 65 Acres with all the improvements, Orchard, &c. Persons wanting a nice little farm should not fail to examine this. Terms easy. Apply to CROFT & PHILLIPS, Real Estate Agents, No. 139 Fourth avenue.

FOR SALE—DESIRABLE FARM, CONTAINING 150 Acres, adjoining the town of Homer, a station on the Indiana Branch Railroad, in Indiana county, Pa.; 120 Acres of the Land is cleared and in a high state of cultivation, residue covered with choice White Oak, Walnut and other Timbers; 20 Acres good Bottom Land. Good two-story Frame House of 6 Rooms and Kitchen; large Barn, 72 by 45, with double Threshing Floors, in good order and conveniently arranged. Also, all necessary Outbuildings, and in fact everything to be found on a well regulated Farm. Large Orchard of choice Fruit of all kinds. This property cannot fail to please any one seeking a good Farm, as it is right alongside of Railroad, Schools, Churches, Stores, Mills and Postoffice. Terms easy. Apply to CROFT & PHILLIPS, Real Estate Agents, No. 139 Fourth avenue.

MINNESOTA LANDS FOR SALE—ONE Hundred and Twenty Acres of Land, partly within and partly adjoining the city limits of Stillwater, Minnesota. Three Hundred and Sixty Acres adjoining Chengwatana, county seat of Pine county, Minnesota, and Eighty Acres of Mineral Land, near Superior City, Wisconsin. The above property is very valuable. For particulars inquire of CROFT & PHILLIPS, No. 139 Fourth avenue, Pittsburgh, Pa. d*

DESIRABLE ONE HUNDRED ACRE Farm for sale 1½ miles from Enon Station, P. Ft. W. and C. R. R., a Station where all trains stop. Ten Acres in good Timber, balance in cultivation and can all be cultivated by machinery; good Frame House of 6 large Rooms, good Frame Bank Barn, Orchard of 100 choice Fruit Trees, Farm well watered, Churches of all denominations within 1½ miles; good soil, worth $100 per Acre, will be sold at $65 per Acre on easy terms. Apply to or address CROFT & PHILLIPS, Real Estate Agents, No. 139 Fourth avenue.

FOR SALE OR EXCHANGE.—WE HAVE a number of improved Farms that we will exchange for desirable city property. Persons wanting Farms or Houses of any kind will find it to their interest to call and examine our list. We are continually receiving property of all kinds, and as we, by personal examination, describe that which we offer, purchasers can rely on the description as being correct. We will also take pleasure in accompanying persons wanting to purchase, thus avoiding delay and trouble. CROFT & PHILLIPS, Real Estate Agents, No. 139 Fourth avenue.

$55 PER ACRE WILL PURCHASE A Farm of 145 Acres in Westmoreland county, two miles from the town of Saltsburg, a Station on the West Penna. Railroad; 100 Acres cleared, balance in No. 1 Timber; 40 Acres underlaid with an 8 foot vein of Coal. Large Coal Works on the adjoining Farm. The Timber on the Land is worth $3,000, and the 40 Acres of Coal is worth $4,000. Full particulars from CROFT & PHILLIPS, No. 139 Fourth avenue.

FOR SALE—FARMS—IN WESTMORELAND, Allegheny, Fayette, Indiana, Armstrong, Washington, Beaver, Greene, Clarion, Lawrence and Butler counties, Penna.; also, in Eastern Ohio. Full information in the "Pittsburgh Real Estate Register," sent free to any one requesting it. CROFT & PHILLIPS, Publishers and Real Estate Agents, No. 139 Fourth avenue.

FOR SALE—A SNUG FARM OF 100 Acres, in Washington county, Pa., three-quarters of a mile from Burgettstown Station, Pan Handle Railroad. Frame House of 6 Rooms, nice Orchard of good Fruit, 20 acres of good Timber. Land is underlaid with a 4½ foot vein of excellent Coal, with a bank open. For further particulars apply to CROFT & PHILLIPS, No. 139 Fourth avenue.

FOR SALE—OVER $1,200,000 WORTH of Farms, Mills, Stores, Coal Lands, City and Country Residences, Houses and Lots. Full information in the "Pittsburgh Real Estate Register." Sent free to any address. CROFT & PHILLIPS, Publishers and Real Estate Agents, No. 139 Fourth avenue.

FOR SALE—FARM OF 128 ACRES, 16 miles from the city, on Pan Handle Railroad. A Station on the Farm, two improvements on the place; Orchard of about three acres, 20 acres in Timber. Railroad runs through the land; only 40 minutes ride from the city. Will be sold low. Apply to or address CROFT & PHILLIPS, No. 139 Fourth avenue.

MISSOURI LANDS — UNIMPROVED, for sale or exchange for City or Country Property, in large or small quantities, at from $3 to $5 per Acre. Apply to or address CROFT & PHILLIPS, Real Estate Agents, No. 139 Fourth avenue.

FOR SALE—OVER ONE HUNDRED farms of all sizes, prices and locations. Full particulars in the "Pittsburgh Real Estate Register," given away *gratis* or sent *free* to any address. CROFT & PHILLIPS, Publishers and Real Estate Agents, No. 139 Fourth avenue.

FOR SALE--LUMBER.

DRY BOARDS—2,000,000 FEET AT Superior Lumber Company's Yard cor. Twenty-second and Railroad streets. d*

DRY PLANK—400,000 FEET AT Superior Lumber Company's Yard, cor. Twenty-second and Railroad streets. d*

DRY JOIST—200,000 FEET AT SUPERIOR Lumber Company's Yard, cor. Twenty-second and Railroad streets. d*

SCANTLING—ALL SIZES AT SUPERIOR Lumber Company's Yard, cor. Twenty-second and Railroad streets. d*

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FOR RENT—ROOMS—LARGE FRONT and back Room, furnished or unfurnished. 150 Third avenue. TTHS

FOR RENT—ROOM — THAT FINE large second story Room, No. 104 Wood street, near Fifth avenue, suitable for any light business. Apply at 102 Wood street.

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BOARDING—FINE FRONT ROOMS, single or in suite, furnished or unfurnished, with Board, at No. 252 Penn street. References given and required.

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BUREAU OF ORDNANCE, NAVY DEPARTMENT,
Washington City, December 3, 1869.

SALE OF SERVICEABLE AND UNSERVICEABLE ORDNANCE STORES

There will be sold at Public Auction, to the highest bidder, AT NOON, ON WEDNESDAY, JANUARY 12, 1870, in the Office of the Inspector of Ordnance, NAVY YARD, NORFOLK, a large Lot of Articles of Ordnance, comprising Gun Carriages and Miscellaneous Stores.

TERMS—One-half cash in Government funds, on the conclusion of the sale, and the remainder within ten days afterwards, during which time the articles must be removed from the Yard, otherwise they will revert to the Government.

It is to be distinctly understood that no guarantee will be given to purchasers of articles offered for sale and noted in the Catalogue, as regards their exact condition or quality; but it is believed, however, that everything offered for sale is as represented.

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